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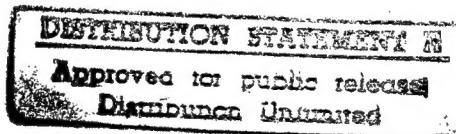
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East Europe



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New Energy Management Organ Planned

*AU1703143992 Sofia 24 CHASA in Bulgarian
12 Mar 92 p 8*

[Report by Dimitur Genchev: "A Committee Will Be in Charge of Energy Policy as a Whole"]

[Text] The Power Supply Committee is expected to assume the overall supervision of Bulgaria's energy policy. This issue is currently being discussed by the government, Evgeni Angelov, the committee's deputy chief told 24 CHASA yesterday.

All ministries and departments involved, with the exception of the Ministry of Industry and Trade, approve the idea, Mr. Angelov added. The government's decision should be announced by the end of the month.

As much as 46 percent of our energy resources, namely oil and natural gas, fall within the competence of the Ministry of Industry and Trade. The Power Supply Committee is responsible for the sectors of coal mining, electric power, and thermoelectric power, which represent the remaining 56 percent of the entire energy sector.

No independent government organ that is not subject to departmental interests and is capable of conducting a uniform energy policy exists in our country. This fact seriously affects our economic interests, Mr. Angelov stressed. According to established facts, our gross national product [GNP] consumes 2.3 times more energy than the GNP of Belgium, France, Germany, and other countries.

The losses caused in the stages of processing, transport, and distribution of primary energy resources (such as coal, oil, uranium, and so on) up to the final product have increased from 28.2 percent in 1989 to 30.5 percent in 1990.

The comprehensive management in the sector of liquid fuels and natural gas will presumably be entrusted to the Energy Committee. It is possible that the latter may be transformed into a ministry, according to well-informed sources. The committee is not supposed to interfere with the work of the individual enterprises but settle the relations among producers, tradesmen, and consumers on the basis of laws and regulations.

Meciar Outlines HZDS View of Minority Rights

*AU1603094592 Bratislava NARODNA OBRODA
in Slovak 11 Mar 92 p 12*

[Unattributed report: "An Artificially Politicized Problem; Will the Language Law Be Amended?"]

[Excerpts] KORIDOR No. 5 asked Movement For a Democratic Slovakia [HZDS] Chairman Vladimir Meciar the following: "The HZDS has declared that the current language law will have to be amended after the elections because it is imperfect. As prime minister, however, you used to defend the government coalition's language law, a position which many people hold against you to this day. Could you explain, with hindsight, your position then as well as your position today?"

Meciar: "Some kind of psychological bridge has come about here and two different things have been blended into one mass. The language bill was submitted neither by me nor by the government, and it was Mr. Jan Carnogursky who was responsible for its drafting and for the government's position on it. [passage omitted]

"The question of the standing of minorities and Slovaks in Slovakia is historically conditioned and we are predetermined by history to coexist. We must guarantee to the minorities the protection of their human and civic rights and liberties on a scale exceeding the European standard. We must tell them that this is our common home and that no one wants them to move to the other side of the Danube. However, at the same time they must be told that it is inadmissible to Magyarize southern Slovakia under the pretext of the protection of minority rights. The crucial factor, also with respect to the minorities, is how they behave toward Slovaks. If they propose, for example, that official documents issued in Hungarian in southern Slovakia be valid throughout the republic's territory, then this amounts to the introduction of bilingualism in dealings with the authorities across the republic's territory, which we cannot accept. If an autonomous administration is to be introduced in ethnically mixed areas, in which the majority of the population is of Slovak nationality, as it were, but where the autonomous administration is to be Hungarian, we cannot accept that either. The problem of the minorities is being artificially politicized from abroad. Very often it is used as a trump card for Czechoslovakist policy. This is why sensitivity to all these issues is far greater in Slovakia."

Slovaks in CR Organize Democratic Alliance

*AU1703140392 Prague SVOBODNE SLOVO in Czech
13 Mar 92 p 1*

[CSTK report: "For a Common State"]

[Text] "We call upon the democratically minded citizens of Slovak nationality living in the Czech Republic [CR] to resist, along with us, all forces, empty promises, and social demagogery striving to lead Slovakia astray, away from the common path with the Czech nation, and

to force upon Slovakia their power ambitions. We must not remain silent any longer and let others speak on our behalf." This is stated in a statement by citizens of Slovak nationality associated in the Democratic Alliance of Slovaks Living in the Czech Republic [Demokraticka aliance Slovaku zizicich v Ceske republike], the preparatory committee of which was set up in Prague on 10 March 1992. "Although we live in the Czech Republic, we are Slovaks just as our compatriots living in Slovakia. Therefore, our anxiety about Slovakia's future fate is no less than theirs. However, we refuse to place the national principle above the civic, moral, and universally human principles. We are opposed to national intransigence, hatred, intolerance, fanaticism, and limitation of personal freedom, no matter how seemingly noble the idea is, in the name of which this is taking place," says the statement, which was presented to CSTK yesterday.

Minister Views Transformation Progress Favorably

*AU1703152192 Prague HOSPODARSKE NOVINY
in Czech 16 Mar 92 pp 1-2*

[Report signed "st": "About Regional Policies"]

[Text] The economic transformation in the Czech Republic is progressing at a relatively good pace and within the limits we expected. Karel Dyba, Czech Republic minister for economic policy and development, said this to HOSPODARSKE NOVINY when attending the Czech government session yesterday, at which he delivered a report on the progress and results of the economic transformation in the Czech Republic in 1991.

The report states that so far this year the rate of inflation is hovering at about 1 percent monthly, while the price growth has a descending tendency—consumer prices increased by 0.9 percent in January, and by 0.7 percent in February. The real volume of gross domestic product declined by 14 percent on the average last year compared with 1990, while the original estimate was between 5 and 10 percent. The Czech Republic contributed last year to the favorable result of the federation in the foreign currency balance of payments. The financial statement shows a surplus of \$0.9 billion, foreign currency reserves increased from \$1.2 billion to \$1.3 billion, and the reserves also remained at this level in the first two months of this year.

The level of foreign loans is reasonable. The total amount reached \$9.3 billion last year, thus remaining well under the \$12 billion limit originally considered. This year, following a temporary increase in January, the number of unemployed declined from 231,200 to 217,600 in February, and the unemployment rate declined from 4.3 percent to 4.1 percent. The reason for this is that many job seekers were placed, and with the reduction of the unemployment benefit payment period from twelve to six months, the number of unemployment benefits recipients declined.

The so-called small-scale privatization continued. By the end of February 1992, a total of 16,800 businesses had been auctioned off for 21.2 billion korunas. The role of private sector has no longer been negligible and last year contributed approximately 8 percent to gross domestic product with 10 percent of the total employment.

The government assessed a bill on regional policies yesterday. "The government has already been implementing regional policies," Minister Dyba also told us. "The issue in question is defining it not only on the government level but also in lower bodies. Some problems—such as trucking in the Teplice region, for instance—are supradistrict in character." The government deliberated on the possibility that the bill might predetermine the constitutional arrangement.

Further course of action regarding the Typografie Company was also on the government agenda. According to Igor Nemec, Czech Republic minister of state control, the Czech Ministry for Economic Policy should become the company founder, and it should then be transferred to a fund that will be created at the Czech National Council. There has also been a long debate on the bill specifying the condition for screening in the Czech Republic police and Correctional Education Corps.

End-of-February Unemployment Data Issued
*AU1703145492 Prague HOSPODARSKE NOVINY
in Czech and Slovak 16 Mar 92 p 8*

[Report signed "hp": "Fewer Unemployed"—section on Czech Republic in Czech, section on Slovak Republic in Slovak]

[Text] The number of unemployed in the Czech Republic amounted to 217,554 at the end of February, which was a decline of 13,647 from January.

The rate of unemployment in the Czech Republic reached 4.14 percent. North Moravia has remained the region with the highest rate of unemployment (6.28 percent), with the districts of Bruntal, Sumperk, and Vsetin being affected particularly severely. The lowest average rate of unemployment was recorded in West Bohemia (2.83 percent). A total of 126,036 people in the Czech Republic, 69,878 of them women, were collecting a retraining allowance. By the end of February, labor offices created 59,838 jobs, 1,432 of them for disabled citizens.

In the Slovak Republic 319,294 citizens were out of work at the end of February. Compared with the end of January, their number declined by 90, that is, 0.3 percent. The rate of unemployment was 12.74 percent, the same as in January. In two districts, Bardejov and Cadca, the rate of unemployment exceeds 20 percent. Of the total number of job seekers, 51.8 percent receive unemployment benefits. A total of 4,224 persons were undergoing retraining at the end of February, 822 more than at the end of January.

The number of created socially useful jobs, which are subsidized by labor offices, increased significantly—from 14,870 at the end of January to 17,860 at the end of February. The number of jobs that are beneficial to the community increased as well.

A major role in the stagnating number of unemployed in February was played by labor offices' contributions allowing companies facing temporary financial and marketing problems to reduce their working hours. There were 40 companies receiving these contributions in February, compared with 29 in January.

Job Seekers and Job Vacancies as of 29 February 1992

	Unplaced Job Seekers		Recipients of Unemployment Benefits	Vacant Jobs
	31 January	29 February		
Prague	7,486	6,212	3,520	14,083
Central Bohemia	22,065	21,043	13,976	6,887
South Bohemia	15,682	14,236	10,216	3,339
West Bohemia	13,097	12,270	7,412	5,592
North Bohemia	27,091	26,200	12,672	7,437
East Bohemia	27,705	26,239	16,462	6,893
South Moravia	52,501	49,180	29,619	7,167
North Moravia	65,574	62,174	32,159	8,386
Czech Republic Total	231,201	217,554	126,036	59,838
Bratislava	20,865	20,960	12,478	2,805
West Slovakia	107,778	108,198	56,380	2,083
Central Slovakia	96,336	96,077	51,347	2,180
East Slovakia	94,355	94,059	45,115	2,606
Slovak Republic Total	319,384	319,294	165,320	9,674

Rate of Unemployment in Percent	
Prague	0.89
Central Bohemia	4.07
South Bohemia	4.10
West Bohemia	2.83
North Bohemia	4.31
East Bohemia	4.13
South Moravia	4.80
North Moravia	6.28
Czech Republic Total	4.14
Bratislava	7.33
West Slovakia	14.33
Central Slovakia	12.48
East Slovakia	13.53
Slovak Republic Total	12.74

Growth in Slovak Unemployment Continues

AU1703140592 Bratislava NARODNA OBRODA
in Slovak 14 Mar 92 p 1

[Report signed "mm": "Decline Continues; Economy of the Slovak Republic Through the Eyes of Statistics"]

[Text] Yesterday in Bratislava employees of the Slovak Statistical Office held a news conference on the results of the Slovak Republic economy.

The decline in employment in both industry and construction continues—there were 319,384 jobless people in Slovakia at the end of January. According to estimates, unemployment should increase by another 108,000 people by mid-1992 and create a 16-percent unemployment rate.

In agriculture, the procurement of livestock, milk, and eggs is declining. It is gratifying that consumer prices are increasing only slightly—0.9 percent in January. The private sector is developing well. Since the introduction of small-scale privatization, 6,903 businesses, including 4,665 retail outlets, were auctioned off.

They also reported on readiness for elections to the representative bodies. The preparations are aimed at providing election results as early as the evening of 7 June. Slovak Statistical Office Chairman Rudolf Krc reported that a mistake was made in the distribution of Federal Assembly mandates. According to election law and the census, there should be 51 rather than 49 People's Chamber deputies from Slovakia.

Wage Increases Above 11 Percent To Be Penalized

AU1103174692 Prague HOSPODARSKE NOVINY
in Czech 6 Mar 92 pp 1-2

[Report signed "jop": "8 Percent Plus 3 Percent of Wage Growth; The Federal Government Finally Approves Wage Regulation"]

[Text] The government decree on regulatory levies to be imposed in 1992 for exceeding set wage costs and other personnel costs, which was approved on 16 January but subsequently suspended, permits in its final rendition a wage growth of 8 percent in the first half of 1992. A permitted untaxed deviation represents an additional 3 percent. In other words, wage increases not exceeding 11 percent will not be subject to any regulatory levies.

The base from which the volume of wage costs will be ascertained will be the whole of 1991, rather than just the development in the second half of the year [as foreseen in the suspended decree of January] when the growth of wages greatly accelerated. At a meeting between representatives of the Czech and Slovak Confederation of Trade Unions [CSKOS] and the federal prime minister and deputy prime minister, the trade unionists confirmed their preliminary acceptance of this solution, prior to their comprehensive assessment of the whole situation.

Speaking at a news conference in Prague yesterday, CSFR Minister of Labor and Social Affairs Petr Miller said that he had received a number of letters and critical objections to wage regulation because, following the first announcement in January, some companies concluded collective agreements incorporating the original information on wage regulation. According to Peter Miller, however, trade union leaders have given the assurance at tripartite council meetings that this does not represent a problem. The government's final decision was influenced, among other things, by the fact that the trade union representatives accepted the 8 plus 3 percent formula.

Federal Deputy Prime Minister Pavel Hoffmann added that the wage regulation is not as rigorous as it might appear at first glance because it will not apply to companies with fewer than 150 employees and to profit-derived wages. Likewise, it will have virtually no impact on enterprises that will be privatized in the course of the first half of the year. An agreement was reached with CSKOS representatives that by the end of April the entire principle of wage regulation will be subjected to a fundamental conceptual analysis. The CSFR Government decree setting out the terms of wage regulation in 1992 will be published in one of the next issues of HOSPODARSKE NOVINY.

Pavel Hoffmann also commented on the problem of the Transpetrol company, a solution to which the Federal Government postponed until next week. He said that Minister of Economy Vladimir Dlouhy submitted three possible scenarios of a solution. The first scenario respects the existence of the Transpetrol shareholding company and lays down the federation's stake in its ownership, on the understanding that privatization proceeds would be surrendered to the two republics' national property funds. The second scenario does not take into consideration the existence of the shareholding company and speaks of the republics' direct share in the ownership of the oil pipelines, rather than of their stake

in the shareholding company. The third proposal, too, does not consider the existence of the Transpetrol shareholding company but it deals with the whole issue in a more comprehensive way, also including the transit gas pipeline. The third scenario again provides for the transfer of resources obtained from privatization to the national property funds of the republics. As not even the legal basis on which the Transpetrol company operates is clear, Minister Dlouhy was assigned the task of preparing within one week a new proposal with two options (codification of the legal status quo or an entirely new solution to the whole problem).

Furthermore, the Federal Government dealt with the situation in transportation. An action group headed by Pavel Hoffmann has prepared a proposal for a solution to the most pressing problems in transportation, which provides for a number of specific measures. Pavel Hoffmann described as the most important of them the introduction of a special economic regime in the Czechoslovak State Railroads [CSD] regarding investment

policy, staff cuts, the setting apart of designated organizations from the CSD system, and the discarding of unnecessary engines and railroad cars and their sale to the state and, subsequently, to other subjects, as appropriate. The proposed financial solution to the CSD's problems pegs the allocation of funds to the implementation of rationalization measures by the CSD. One part of the CSD's 4.7 billion korunas of credits from last year with the Investicni Banka Prague will be repaid from the state budget (1.2 billion korunas) and the remaining sum will be provided to the CSD by the Konsolidacni Banka in the form of a state-guaranteed credit. The repayment of another 1.5 billion korunas worth of credits provided from the state budget will be rescheduled until 1993. An additional 2 billion korunas from the surplus of the federation's budget will be used to deal with the CSD's insolvency (that is, to repay its outstanding debts with external suppliers). In other words, the CSD will not get these funds directly. In addition, the Federal Government promised to allocate to the CSD 300 million korunas for the restructuring of wages, provided that the CSD will comply with the agreed extent and timetable of staff cuts.

Highlights of FIDESZ Congress Reported
*92CH0365B Budapest HETI VILAGGAZDASAG
 in Hungarian 15 Feb 92 p 15*

[Article by Bela Weyer: "After the Federation of Young Democrats Congress"]

[Text] FIDESZ (Federation of Young Democrats) has effectively entered the international partisan political arena when it asked to be admitted to the Liberal Internationale (LI) at its congress in Pecs last week, and when the LI and German FDP [Free Democratic Party] chairman Otto Graf Lambsdorff promised to admit FIDESZ as a full-fledged member, circumventing the customary observer status. "We have established FIDESZ's West European party orientation in the long term; henceforth the community of liberal parties will be our number one partner," faction leader Viktor Orban announced.

As could be expected, the FIDESZ congress painted a distressing picture of the government coalition's work and style. Viktor Orban condemned the attacks launched against them during the past weeks in particular, but was not willing to engage in battle: "Mr. Konya, the orchestrator of hatred, has given a sign, and we must be very careful not to permit ourselves to be provoked." Other speakers shared the view that does not sit well with young people perceived to have radical tendencies: "We must not jump into the trenches that have been dug out for us." The Komarom delegate received applause when he asserted that FIDESZ must disclaim relationships with MAGYAR NARANCS, because the articles published in that newspaper may scare away older people who sympathize with FIDESZ as well as religious youth. The issue of seeking relations with the church and the rejection of the "atheist party" label became the subject of discussion on several occasions. Orban's gesture toward the MSZP [Hungarian Socialist Party] is also noteworthy: "Indians do not forget, but we must overcome our bad memories in the interest of Hungarian democracy."

One could not detect efforts to discredit political opponents or signs suggesting internal intrigue. This "void" had been filled only in part by two delegates from the countryside when they complained that the Budapest party headquarters is filled with the same kinds of bureaucrats as other parties, except that the [FIDESZ] bureaucrats are younger by 10 to 20 years. This situation may change in a year or two. Eliminating the 35-year age limit as a membership criterion has been raised several times at the congress. In response to statements to this effect, Viktor Orban declared that "I would like to see a situation in which FIDESZ becomes an entirely open, liberal people's party without age limits by the next parliamentary cycle." The fact that FIDESZ parliamentary representatives once again constitute a majority in the reelected 13-member board indicates that the young liberals regard work in Parliament as their first duty until 1994.

Other Parties' Leaders View FIDESZ Congress

*92CH0365C Budapest 168 ORA in Hungarian
 18 Feb 92 pp 6-7*

[Interview with Gyula Horn, member of the Hungarian Socialist Party, MSZP, Ivan Peto of the Alliance of Free Democrats, SZDSZ, and Laszlo Medgyasszay of the Hungarian Democratic Forum, MDF, by Janos Hollos; place and date not given: "Federation of Young Democrats' Adjustment in Tailoring—Who Likes Oranges?—Only the Wording Is New"—first paragraph is 168 ORA introduction]

[Text] The Federation of Young Democrats [FIDESZ] congress held at Pecs in early February should probably be viewed as the overture of an evolving policy with pronounced features. Prior to the congress Szonda-Ipsos public opinion research enterprise had reported that the FIDESZ was the most popular political force. On this occasion, consistent with earlier practice, reporter Janos Hollos asked representatives of other political parties how they viewed the events and the new direction taken by the young democrats.

[Hollos] According to the Szonda-Ipsos Public Opinion Research Institute report, the FIDESZ is becoming increasingly popular, while the popularity of the traditional large parties—the SZDSZ [Alliance of Free Democrats], the MDF [Hungarian Democratic Forum], the MSZP [Hungarian Socialist Party], the Smallholders and the Christian Democratic People's Party—has declined.

[Horn] As it turns out, what you have here is a typographical error, because instead of the 4 percent shown here, the MSZP's acceptance rating has actually reached 12 percent by now. This is important because, if I recall correctly, a year ago a public opinion poll seeking answers to the same questions gave a 6 percent rating to the Socialist Party.

[Hollos] Based on FIDESZ preparations for the 1994 elections, they would agree to play the role of the ruling party if they won.

[Horn] I have paid great attention to the FIDESZ congress because in this instance we are dealing with a party whose positions and activities are close to those of the Socialist Party. The FIDESZ is conducting an expressly practical, rational policy and manifests the same kind of conduct. These features characterize our party, too. We might be stronger insofar as providing answers to social issues and economic problems. Would we agree to serve as the ruling party? We would, of course, because any party that takes itself seriously would, irrespective of whether there is a realistic chance for that. I believe that we, together with the FIDESZ, have a realistic chance.

[Hollos] But it appears that the MSZP would not be an attractive partner from the standpoint of the FIDESZ.

[Horn] I do not think that anyone takes these matters seriously by now. People are not preoccupied with this issue, they are concerned about their daily lives and

about resisting threats to democracy. Actually, these are the two decisive issues that preoccupy people. Returning to the issue of governance: We could provide at any time (either from the faction or from the broader party ranks) a team capable of governing based on its expertise, preparedness, and experience. I would like to add that we are the only ones who have the latter qualification within Parliament. Because I believe that no one will argue that Laszlo Bekesi and Judit Csehak are the best experts in their respective fields, whether we are talking about finances, health care, social security, or social issues. It is my view that at the May congress—and the party has not reached a decision in this regard—we should, by all means, decide or define the requirements required for the establishment of a shadow government, all the way to preparing a list [of cabinet members]. This is an entirely natural thing to do in democratic states.

[Hollos] What does SZDSZ representative Ivan Peto have to say about the FIDESZ' increased appetite?

[Peto] I see no proof of an increased appetite. What I see is that they have provided a more firm definition of the same idea they have been representing without providing a definition, i.e., the fact that the FIDESZ represents a potential governing force and that it is capable of taking part in governance jointly with coalition partners. At this moment I recognize this much: As of recently, the FIDESZ has made substantial changes in its perceptions regarding cooperation with the rest of the parties, and I believe that this represents a more significant turnaround than the one reflected in the change concerning age limitations. Previously, the FIDESZ' functioning had been defined by an endeavor to distance itself from the SZDSZ. The fact is that during the past six months the FIDESZ has paid much less attention to distancing itself from the SZDSZ. At the same time, since the government's ambitions have become increasingly clear, one can no longer explain as clumsiness, accidental remarks, or inattention what I recognize as the government's shift to the right in terms of its policies, which are also corporatist, statist—and I do not want to enumerate the rest of the adjectives—policies. The fact that this is happening consciously is becoming increasingly apparent. The way I see it, the FIDESZ has significantly changed its view of the government's policies. By now, the FIDESZ is criticizing the essence, and not only the manifestations of government policies with much sharper and tougher words. Previously, the MDF had manifested tolerance toward the FIDESZ. The fundamental characteristic of MDF policies was to kick the SZDSZ as hard as possible, while treating the FIDESZ like some teenage member of the family who is cute, even though it sometimes causes unpleasant situations. The purpose of this treatment was to reduce the significance of the FIDESZ. This represented a conscious political endeavor primarily on part of the prime minister, and the MDF walking in his footsteps. The situation has clearly changed as of recent date. Beyond the fact that the [government] continues to dislike the SZDSZ more than it did before, and that it reacts to any

criticism coming from the SZDSZ with the same apprehension as it did before, they have come to the point where they also react to the FIDESZ with apprehension. This can clearly be seen from MDF reactions to the FIDESZ congress, irrespective of whether we hear the utterances of Antall, Lezsak, or Medgyasszay.

[Hollos] I understand that experts in the opposition parties attribute a tremendous significance to public opinion poll results. Does the MDF do the same?

[Medgyasszay] We follow and analyze every public opinion poll result, of course. It should come as natural that organizations from whose standpoint a given public opinion poll is favorable, attribute truly great significance to such polls. I regard the FIDESZ public opinion poll results as an extremely perfect piece of PR work.

[Hollos] In other words, so-called public relations, i.e., the work of the press.

[Medgyasszay] The FIDESZ's PR activities are respectable and enviable anyway. Let's put the facts together: Some very well structured work has taken place in public before, during, and after the FIDESZ congress. I am certain that this public opinion poll is also appropriate, yet it is rather curious that it appeared precisely on the occasion of the congress. The same situation exists with respect to Viktor Orban's activities under the heading of "Concentrated Fire Power," which amounted to anything but concentrated fire power. It was much rather a manifestation of pleasant management by a party leader who is becoming of the age of a somewhat self-appointed deputy prime minister, and who has a truly respectable past despite his youth.

[Hollos] If I understand you correctly, you accept the findings of the public opinion poll as correct.

[Medgyasszay] Just how realistic public opinion polls are depends on the scope of the constituency asked and the methods used. In any event, public opinion pollsters have very often been surprised both during our recent and distant past, if we think for instance of one or another election. As Viktor Orban himself has appropriately said in one of his reports: The significance of these public opinion polls must not be overestimated from the standpoint of future parliamentary elections.

[Hollos] Let's make this clear: You do not believe that they have manipulated the public opinion results, or do you?

[Medgyasszay] They certainly did not change the results, but the date of publicizing the results is certainly no coincidence.

[Hollos] But the timing of publication does not change the facts. And the facts show that the FIDESZ is the most popular party and that the MDF would have to face FIDESZ in 1994, perhaps in combination with a serious coalition partner.

[Medgyasszay] I, too, would be a FIDESZ member if I were young, because I would favor the revolutionary impetus they had at the start. In those days I was extremely moved by Viktor Orban's speech next to the coffin, and this speech has certainly attracted very many young people. But the shrill tone of voice they used when unfurling their banner for the 1994 elections was premature. This is what I am thinking at the age of 50, which is a wiser age perhaps, even if it is not a smarter age.

[Hollos] Considering the FIDESZ' new concept, do you regard as conceivable that MDF policies vis-a-vis the FIDESZ would change?

[Medgyasszay] MDF policies are balanced and uniform: We would, by all means, like to maintain a coalition reflecting the present spirit. The FIDESZ is a bit sensitive because we blamed them for a couple of things that were not exactly appropriate on their part.

[Hollos] What do you have in mind?

[Medgyasszay] I believe that the critique of Gabor Fodor was the most sensitive issue. But my young friends forget that in the final analysis sensitivity is inappropriate, because we, too, could be far more sensitive about the unbridled attacks they launch against the government and the ruling forces in Parliament.

Opposition to Expansion of Constitutional Court

*92CH0365A Budapest HETI VILAGGAZDASAG
in Hungarian 15 Feb 92 p 15*

[Unattributed article: "Justices of the Constitutional Court: A Freeze on the Number of Members?"]

[Text] Chairman of the Constitutional Court Laszlo Solyom said that he was opposed to increasing the number of Justices as scheduled for 1994. Solyom made this statement at a Miskolc scientific conference held last week. The present Court of 10 justices is slated for expansion to its constitutionally mandated final size of 15 justices after the next elections, according to Law No. 32 of 1989. In reference to the Court's activities thus far, Solyom said that increasing the number of justices would render the operations of the Court difficult and would probably increase significantly the time required for pronouncing decisions. Another matter that speaks against the expansion of the Court is that various political parties would probably try to place their own people in the still vacant posts, Solyom said. HVG [HETI VILAGGAZDASAG] has learned that the Constitutional Court itself would initiate a "freeze" regarding its present size; Chairman Solyom is likely to submit a proposal to this effect to Gyorgy Szabad, president of the National Assembly this week. For now, however, it is uncertain who from among the authorized persons and organizations (head of state, government, parliamentary committees, National Assembly representatives) would be willing to submit to Parliament a related constitutional amendment. HVG has learned that in order to

demonstrate the Court's independence from the Executive Branch, the Court would like the Constitutional Law Committee of the National Assembly to submit the proposal to the National Assembly. The Constitutional Court took a similar position with respect to a legislative proposal it developed concerning the Court's organization and operating procedures—a legislative draft that has been collecting dust at the Kossuth Lajos Square "law factory" for almost a year now, without anyone taking official action to place the proposal on the agenda.

Constitutional Court Views Presidential Powers

*92CH0388A Budapest MAGYAR KOZLONY
in Hungarian No 11, 30 Jan 92 pp 203-205*

[Arguments supportive of Constitutional Court Decision No. 8/1992]

[Excerpt] [passage omitted]

II.

1. The Constitution establishes clear deadlines for the exercise of some of the powers of the president of the Republic (e.g., Paragraphs 22, 26, 28, 19/C), while the exercise of other powers is not tied to deadlines. This, however, should not be interpreted to mean that the exercise of a given presidential power is tied to deadlines only if the provision defining that power specifies a deadline, nor does it follow that each and every power of the president is tied to a deadline. The types of powers whose constitutional exercise requires a deadline can be defined on the basis of the legal status of the president [in the framework of exercising a given power] and of interpretation pursuant to the characteristics of the various powers. Deadlines cannot be established in terms of days or months for the exercise of powers other than those for which the Constitution in most instances specifies deadlines. With respect to the exercise of powers not tied to specific deadlines, one can only conclude that the Constitution provides a general and flexible rule. A time definition of this kind in the Constitution is the exception (paragraph 19/C, section (3)).

2. The Constitution expressly provides for three kinds of deadlines regarding decisions to be made by the president of the Republic. With respect to some deadlines it is not only the right, but the duty of the president of the Republic to take certain action. Thus, within one month after elections he must convene the organizing meeting of the National Assembly; he must proclaim laws within 15 days and in some instances within five days [from the date of adoption]; and he must call elections within three days from the date when the National Assembly's mandate expires, or when the National Assembly has dissolved itself or has been dissolved.

In other cases the Constitution provides deadlines for the president's discretionary decisions, i.e., where a presidential decision is not mandated. For example, prior to signing a law the President of the Republic may,

within 15 days, return a law already adopted by the National Assembly to the National Assembly, or forward it to the Constitutional Court.

Other deadlines do not pertain to some action that has to be taken, but provide time limits with respect to the precondition or the content of some action. For example, the president of the Republic may postpone a National Assembly session by not more than 30 days; or, in case the government's mandate ceases, he may dissolve the National Assembly unless it elects within 40 days the person recommended by the prime minister.

In all three cases the rules concerning deadlines have as their purpose to ensure the continuous functioning of the state. This purpose is also apparent in cases in which the president's action does not expressly aim for the maintenance of continuity—such as in the case of calling for elections or convening the National Assembly—but for substantive interference with the operations of the state. Such actions include, for example, proposals to the Constitutional Court to establish preliminary standards, or the requirement that in the course of a state of emergency the extraordinary measures implemented by the president of the Republic be placed under the control of the National Assembly "without delay." The deadlines established in the latter case aim for a return in the foreseeable future or as soon as possible after the extraordinary intervention by the president of the Republic to the prevailing administration of affairs, or to the decisionmaking organizations which act under normal conditions.

Accordingly, continuity in the operation of the state is the decisive reason for providing deadlines, and this may be recognized in every instance where a deadline has been established. Other characteristics of the individual powers are nonessential from the standpoint of deadlines; the Constitution provides deadlines for the greatest variety of decisions of varying significance.

The normal and continuous functioning of the state also represents a constitutional interest and requirement of the same weight regarding decisions other than those in regard to which the Constitution provides an expressed deadline. If a given power is linked to the continuous functioning of the state, there is no theoretical justification for the fact that in some instances the Constitution provides deadlines and in others it does not. The fact that constitutions specify deadlines mostly for actions to be taken by the head of state with respect to Parliament has historical reasons, because historically, legislatures have been first to become fully separate from rulers. Today, however, the relationship between a given presidential power and another branch of power influences not the existence of a deadline, but at best the way such relationship is defined. At the same time, the existence of a deadline is based to the same extent on practical consideration. (This is why the Constitution refrains from establishing deadlines in terms of a specific number of days under emergency conditions. This could justify the difference between the specific number of days

related to the proclamation of a law, versus the flexible deadline for the reaching of international agreements, even though the character of these powers is the same.) Accordingly, a distinction must be made not between powers tied to specific deadlines on the one hand, and all the rest of the powers on the other, but between powers whose exercise within a given deadline is required by the Constitution versus other action in which no constitutional concern can be raised.

3. The president has certain powers in regard to which it would make no sense to establish deadlines. One such power pertains to his status ("represents the Hungarian State," paragraph 30/A, section (1), subsection (a)). Similarly, no deadline can be established for powers exercised under the exclusive discretion of the president and which he initiates, provided that such power is not part of a chain of decisions to be made also by other organizations. Accordingly, nonconjunctive powers are not tied to deadlines, i.e., powers in regard to which decisions are not based on proposals made by other organizations, provided, of course, that the exercise of such power is not mandatory. For example, the president's opportunity to participate in National Assembly and National Assembly committee sessions, and to address such meetings is not tied to deadlines, and so is the fact that he may propose to the National Assembly that it take certain action or that the President initiate a popular referendum (paragraph 30/A, section (1), subsections (e), (f), and (g)).

The continuity of the functioning of the state demands deadlines wherever any of the above three conditions is missing. This is supported by the example shown in the Constitution, where it expressly prescribes deadlines. For example, calling for elections constitutes a nonconjunctive power, but the president is obligated to call elections within a deadline specified by law (paragraph 30/A, section (1), subsection (d)). The president's decision to remand an already adopted law to the National Assembly, or to submit such law to the Constitutional Court for comment, is part and parcel of the legislative process. Although this decision of the president is neither tied to the decisionmaking of another organ, nor is it mandatory, the effect of such decision is that it diverts the order of proclaiming laws onto a different path, and therefore it is appropriate from the standpoint of the continuous and reviewable functioning of the state to reach a decision concerning the status of a given law within the deadline established for proclaiming laws.

4. In its Decision No. 48. of 26 November 1991 the Constitutional Court has determined that paragraph 29, section (1) of the Constitution established a fundamental task for the president of the Republic (to "guard over the democratic functioning of the state organization.") This must be taken into consideration when interpreting certain powers. Further, the Constitutional Court has found that the president of the Republic performed this function by making independent political decisions. (Independent political decisions of the president of the Republic or decisions that are final and that cannot be

reviewed, but for which neither the president of the Republic nor any other organization is held to account by the National Assembly. The Constitution authorizes the president of the Republic to make independent political decision in instances when grave disturbances arise in the functioning of the state, the mitigation of which requires the president's interference.)

Guarding the democratic functioning of the state, as one of the fundamental tasks of the institution of the president of the Republic, provides a basis of analysis for more than just the president's right to extraordinary interference. This task also suggests that the president, in the course of exercising his powers, must always observe the democratic functioning of the state as a whole, including the procedural and technical aspects of such functioning. Accordingly, "guarding" is not restricted to the resolution of a crisis situation, but applies to the usual progress of state affairs, and within that, to the president's exercise of powers. The president's decisions are frequently linked to the exercise of the authority of the organizations that initiate decisions or that hold political responsibility for such decisions, so that only the combination of the two decisions produces the desired legal effect. In other instances the president's initiative is followed by the decision of another organization which is binding also with respect to the president. The intertwining of presidential powers with the decisionmaking mechanism of the highest state organs provides grounds for interpreting the entitlements of the president, linked to decisions made by others, to the effect that these entitlements must be performed by the president within a certain deadline even if the Constitution prescribes neither an expressed duty nor a deadline regarding the exercise of such power. The above interpretation is based on paragraph 29, section (1) of the Constitution. In addition, the duty of organizations circumscribed by the Constitution to exercise their authorities of constitutional significance in good faith and cooperation, and mutually supporting each other in the performance of their tasks, can also be derived from the principle of constitutional statehood (paragraph 2, section (1) of the Constitution). This, too, suggests that the president of the Republic must exercise his powers within deadlines, except for powers which, by nature, cannot be subjected to deadlines (See paragraph 3 above).

5. The president of the Republic must exercise his power within a deadline that satisfies the principles contained in the above arguments. Such deadlines ensure the continuity of the operations of the state (i.e., they take into consideration the points of view represented by those involved in the decisionmaking and of the state organization as a whole) on the one hand, while on the other, are necessary and rationally sufficient for the president to make a reasoned judgment (and to this extent consider the president's point of view). Deadlines not expressed in the Constitution in terms of numbers of days cannot be established by way of interpretation.

6. The president's appointing power is a conjunctive power according to the Constitution. Appointments are not initiated by the president of the Republic, but by some other organ specified by law. Except for the appointment of judges, appointments require counter-signatures from the prime minister or from a minister, alternatively, ministers are appointed by the president based on the prime minister's recommendation. Political responsibility for appointments rests with the government, and for the appointment of judges with the proponent of the appointment. Accordingly, the appointing power of the president is always intertwined with decisions made by other organizations. The president must exercise his appointment power within rational time limits starting with the receipt of a nomination: He must either sign the document or must state that he rejects the appointment.

In exercising his appointing power the president must reconcile two of his duties, both of which stem from the presidential task of having to guard the democratic functioning of the state. On the one hand, he must render decisions concerning appointments without undue delay, because short of that he would be hindering the democratic functioning of the affected branches of power of the state, while on the other hand the president requires time to issue the warranty related to the appointing power. As a result of the latter requirement, the president's exercise of his appointing power is not merely a formality, and the open-ended period available for this exercise involves more than the time required to affix a signature. The "rational deadline" formula required to render the exercise of the appointing power constitutional applies from the standpoint of both formulas, and it reconciles them.

Relative to the exercise of the appointing power, Constitutional Court Decision No. 48. of 1991 established the following: "The president of the Republic must refuse to make or approve appointments if he notices that legal requirements related to a given appointment have not been met. In addition, an appointment, the approval of an appointment, or the refusal to approve an appointment is constitutional only if the president has substantial grounds to believe that abiding by the proposed appointment would gravely disturb the democratic functioning of the state. From the latter standpoint the president of the Republic may examine only the person to be appointed in the case of appointments, and exclusively the content of the proposal to appoint, in the case of approvals."

Accordingly, the president of the Republic must refuse an appointment for formal reasons if he "notices" the absence of compliance with legal requirements. The function of guarding over the democratic operations of the state organization does not obligate the president to make an extended, detailed analysis concerning the legality of every proposal. Instead, it obligates the president to act if obvious violations of law have come to his attention. [passage omitted]

EC Association Effects on Industry Weighed

Classification, Rules of Origin

92CH0370A Budapest *FIGYELO* in Hungarian
27 Feb 92 pp 1, 15

[Article by Becsky-Eller: "We Have Become Associated—Wearing Nothing but Shorts"]

[Text] Our industrial enterprises will find themselves in more secure positions five or six years from now, when customs duties levied on Hungarian products will have been phased out. But could it be that these enterprises will go bankrupt by then? Because this year they are going to be even worse off than before. Nitrokemia, for example, will suffer a 100 million forint loss.

CEMA's greenhouse is gone, more than 90 percent of imports are liberalized, tens of thousand of people are engaged in foreign trade. According to industry interest groups, because the EC agreement on association is taking effect, we are now being stripped of the shorts referred to in the title. Since import licensing has almost entirely been discontinued, the customs system has become the major factor that protects industry, but the significance of customs duties has decreased in the wake of the EC agreement on association. It is strange, albeit not coincidental, that, if Brussels agrees, the trade provisions of the EC agreement on association take effect concurrently with a meeting to be held by the Hungarian Customs Duty Tariff Committee on protection to be achieved through customs duties, according to an MTI report. True, this parallel is not entirely correct either, because increased customs duties on light industry, the building materials industry, and on certain machine industry items, as well as import contingents aim to restrict cheap imports from our former socialist competitors and from developing countries, and not from the EC. But in any event, the producers' painful call for customs duty protection well reflects a situation that has been characterized by the director of the MTA [Hungarian Academy of Science] Industrial and Enterprise Economy Research Institute ("Safe Harbor With Conditions," *FIGYELO* No. 6., 1992) as follows: "Industry can be protected by way of several modern methods, both outside the customs border and at the border. The system to protect industry that has been functioning since 1991 lacks most of the protective features that work outside the customs borders."

Others believe that decrees (111, 113) promulgated in 1990 contain all measures to protect the market and required to prove the presence of market disruption, and to take appropriate action consistent with international practice, except that most Hungarian firms are unaware of these protective features. Even though claims of market disruption must be proven, firms aware of these protective provisions lack data that reflect the situation in the marketplace, of competitors and of their given industry branch. As shown by cases filed thus far, Hungarian enterprises have no accurate knowledge of

why their competitive position has deteriorated, whether the deterioration had been caused by a decline in domestic demand, by the collapse of CEMA, or perhaps by some Hungarian tax measures. In other words, market loss, not imports, is the source of trouble. Thus it should come as no surprise that every enterprise that finds itself in trouble expects help as a result of protective customs duties, even though market economies provide a number of ways to protect the domestic market, including antidumping proceedings, rules providing for certificates of origin, environmental responsibility for, and obligations related to products, and rules for government procurement.

Hungarian industry should take note of not only what goes on in the internal market. It seems as if less is being said about the fact that export opportunities evolving in the wake of reduced customs duties are tied to certain conditions. Expert estimates of the magnitude of these export opportunities vary greatly. In this regard the agreement on association may still hold some unpleasant surprises. This is so because reduced customs duties apply only to those Hungarian products whose Hungarian added value amounts to 60 percent or more of the total product value. Legal provisions clearly define the kinds of products that may be regarded as having originated from the source, i.e., [in our case] from Hungary. If, for example, Hungary manufactured yarn from cotton imported from Egypt and exported such yarn to the EC, the product would not be subject to reduced customs duties. On the other hand, if the yarn is further processed into a textile material and the textile is turned into ready-made clothing, both the cotton and the yarn may be considered as having originated from the source country. (Customs definitions would require two changes in tariff classification numbers.)

Possible accumulation only complicates the source of origin issue. This situation occurs in the course of manufacturing a product assembled from component parts made in several countries. Although separately and individually both Austria and Hungary enjoy favorable customs treatment when entering the EC market, a component part delivered from Austria to Hungary cannot be regarded as originating from Hungary. Accordingly, it would be to the benefit of Hungarian exporters to be aware of these rules when developing cooperative ventures. Since source of origin rules are obviously intended to protect markets, Hungarian exporters must prepare themselves for a situation in which their competitors within the EC are far more stringent than before in checking sources of origin. The association with the EC presumes the existence of a customs system that exists in market economies, one that measures the trade volume at the border—what went out, what came in—based on country of origin and in forints. Accordingly, one should forget about concepts like country of destination, which have been used earlier in statistical records and which have been linked to CEMA. Despite this fact, however, even the guidelines for how to complete a permit application—as published

in the 7 January issue of **KULKERESKEDELMI TAJEKOZTATO** [FOREIGN TRADE BULLETIN]—speaks of destinations regarding exports and countries of origin regarding imports. These guidelines pertain to completing VAM [expansion not given] 1991 data sheets which must accompany shipments.

In other words, two things are of fundamental importance from the standpoint of customs proceedings: The identification of the merchandise (what shall I call you?) and the origin. The Hungarian Commercial Customs Tariff system has been based on the so-called harmonized system ever since 1 January 1991. This is a combination of the Brussels nomenclature and of the SITC [Standard International Trade Classification]. Although experts claim that no perfect nomenclature exists, products can be identified well and easily based on this system, according to Mihaly Arnold, the deputy chief of the National Customs and Revenue Guard Command. Tariff No. 0101 means livestock to customs officials everywhere in the world; within that we may find horses, donkeys, horse-mules or donkey-mules. The trouble has its origins in the fact that statistical data provision requirements have not been based on customs principles, and that in addition to the previously mentioned categories, statistical analyses also use a so-called product listing number, a classification inherited from the late CEMA. (Both the EC and the EFTA [European Free Trade Association] agreements use product listing numbers. Even the global consumption quota classifies imported goods on this basis.)

The duality does have a logical explanation of course, according to the deputy commander. The customs office collects not only customs duties, but also general sales taxes. It is of no help if the commercial customs tariff uniformly refers to Vitamin C, as long as the product listing prescribes a general sales tax of 25 percent on Vitamin C and of zero percent on ascorbic acid. Accordingly, if we want to find a correct answer to the "what shall I call you?" question, the answer is that export and import statistics should be based on customs documents and on the product classification system of commercial customs tariffs.

Certificates of origin have thus far been issued to exporters by the Hungarian Economic Chamber and its predecessor. One wonders whether the Customs Office has prepared itself to provide to entrepreneurs certificates that can be taken seriously? Mihaly Arnold says that classification presents no problem with respect to a significant part of all products: "We are dealing with the Hungarian child of a Hungarian mother." Problems occur in regard to borderline cases, to a certain hired labor structure related to complex machinery consisting of many component parts, and to cases that are characteristic mainly in the chemical industry when the origin of goods can only be established with the help of technology. The deputy commander claims that the National Customs and Revenue Guard Command has the technology required for the identification of products. It is

yet another matter that in the West, enterprises themselves watch their competitors. The European Chemical Industry Association of Brussels, a joint organization of the EC and EFTA, employs staff to check imports from the standpoint of complying with rules of origin. They are able to provide warnings well in advance concerning dangerous imports. Producers initiate antidumping proceedings in response to such warnings, thus preventing the goods from entering their respective countries. (Imports come to a halt during such proceedings.) Unfortunately, Hungarian firms are far from having reached this point.

Plight of Chemical Industry

*92CH0370B Budapest FIGYELO in Hungarian
27 Feb 92 p 15*

[Article by Becsky-Eller: "Chemical Industry at a Disadvantage"]

[Text] Our industrial enterprises will find themselves in more secure positions five or six years from now, when customs duties levied on Hungarian products are phased out (FIGYELO No. 6., 1992). The question is whether they are able to survive until then, or if they are forced to abandon exports to West Europe, just as they have surrendered their domestic markets and the markets of former socialist countries. Why should they abandon the idea of exporting to the West? The Hungarian Chemical Industry Association has asked the enterprises to make calculations regarding the gains and losses they expect to incur as a result of the new customs rules taking effect on the effective date of the agreement on association—scheduled for 1 March. The result is several millions of forints in losses at a few enterprises. The Association was not surprised about this finding because the NGKM [Ministry of International Economic Relations] represented the Hungarian side in the negotiations without involving the various trade associations. Meanwhile, on the other side of the table, trade groups from EC member countries forcefully enforced their own interests, according to Dr. Lajos Csurgay, the Association's executive secretary. The executive secretary added a parenthetical note: Hungarian industrial enterprises have received any, or hardly any official information concerning various aspects of the agreement on association that were of interest to them, and the Chemical Industry Association has received unofficial information from its Western counterparts before it did from Hungarian authorities. The industry finds itself in this situation. Incidentally, the documents that helped the enterprises to prepare themselves [with these calculations] also came to the Association through informal channels.

Enterprises that have already put into effect duty-free contingents last year for their most important products as part of the GSP [General System of Preferences] system are bound to lose some of those benefits beginning 1 March 1992.

While previously the enterprises had been able to export certain quantities on a duty-free basis and had to pay customs duties only on quantities over and above these contingents, the agreement on association requires these enterprises to pay gradually declining customs duties that are lower from the start than they had been before, but the lower customs duties must be paid from the beginning, after the initial shipment. Viewed from the other side: references to so-called sensitive products in the agreement on association pertain to chemical industry exports. The immediate duty-free treatment provision applies primarily to products of which the Hungarian chemical industry exports only a small volume, or nothing at all.

In calculating exports for 1992 based on market demand, the difference between last year's and this year's customs rules will cause a 57 million forint loss to Hungarian Viscose. Graboplast, Inc. will be shortchanged by between 4 and 5 million forints, while Nitrokemia will incur a loss amounting to more than 100 million forints. Budapest Chemical Works estimates its loss at between 1 and 2 million forints, and a few other enterprises also expect some unpleasant surprises. Chemical firms must decide whether they will be capable of absorbing the increased customs duties, or if they wish to reduce their exports. This issue is highly relevant.

The disadvantage to be caused to the chemical industry by difficulties in obtaining Hungarian certificates of origin cannot be calculated in numerical terms at this point, according to Lajos Csurgay. This situation is likely to present initial difficulties. The Association urges the government to protect the market of sensitive products, and the industry as a whole, the way that was done by the other side in the framework of the agreement on association with the Common Market. Four years ago the Association had written to then Chamber President, and later Minister of Commerce Tamas Beck [regarding this subject]; at present they are bombarding the authorities, including the NGKM, with their comments, position papers and recommendations. The average customs duty on chemical products falls below 9 percent, which is half of the percentage applicable to the economy as a whole, and no customs duty protection exists at all for agricultural chemicals. The 3.8 percent customs duty on imported phosphorous fertilizers, and the 4.9 percent customs duty on imported insecticide preparations is of symbolic value only; these rates are lower than the prevailing rates in either the Common Market countries or in other developed countries. This is one of the reasons why the Hungarian fertilizer industry has practically gone out of business.

Except for laundry and household chemicals, [the importation of] all chemical industry products has been fully liberalized. As a result of aggressive marketing work importers have acquired a significant share of the market. Chemical industry interest groups once again request the competent authorities not to grant import licenses just as a matter of formality for the remainder of

the few products, but to adequately consider these matters so that import permits provide limited protection.

Finance Ministry Official Views Current Revenues

AU2902152492 Budapest MAGYAR HIRLAP
in Hungarian 26 Feb 92 p 12

[Interview with Gyorgy Naszvadi, deputy state secretary at the Finance Ministry, by Melinda Kamasz; place and date not given: "Naszvadi: Revenues Are Still Overdue; Debt Servicing Will Reach 170 Billion in 1992"]

[Excerpt] [passage omitted] [Kamasz] According to many people, there are many uncertainties in the 1992 budget. Does the January deficit give any indications of a tendency in 1992?

[Naszvadi] This question is premature; we might be able to see something after the first quarter. The worrying factor is that we are not receiving the tax prepayments on schedule. This mainly applies to corporate taxes, the general turnover tax, and the state property tax. Similar to last year, there is no delay in personal taxes and, strangely enough, we received more than the due amount for January of consumption taxes. However, it is certainly true that the total tax revenue in January 1992 was less than the revenue in January 1991.

[Kamasz] Compared to the figure in January 1991, there was a large deficit in January 1992 because, as stated, the debt service is being paid monthly as opposed to quarterly in 1991. Why is this necessary?

[Naszvadi] Our debt servicing expenses are increasing, and they will be as much as 170 billion forints in 1992. In 1991 our interest and capital repayments amounted to 107 billion forints. Undoubtedly, we made quarterly payments in 1991, which meant that the budget deficit had great sudden increases. This year this would have resulted in 35-billion-forint to 40-billion-forint deficit increases every three months, while in the meantime, the budget would have appeared to be in a very good condition. We decided that the processes would be more balanced and that they could be better followed if we made monthly repayments. This is actually stated in the budget law.

[Kamasz] According to some opinions, the economy could have great problems if the state budget reform is not started in this year and the structure of the budget is not altered. What are your views on this?

[Naszvadi] It is a complete illusion that great savings can be made in the budget if the structure is different. Our expenses stand the international comparison and the proportion of the various chapters is also adequate. Therefore, this is not a simple matter of having to spend less on defense and public administration and more on health and education. However, it is true that the distribution within the chapters is not good—and this applies to almost all areas. A lot of money is used wastefully while there is a constant and chronic lack of money.

Reforms will have to be implemented within the chapters, rather than in the structure.

**Ministry of Industry, Commerce Szabo
Interviewed**

92CH0368D Budapest FIGYELO in Hungarian
27 Feb 92 p 7

[Interview with Ivan Szabo, minister of industry and commerce, by Erzsebet Eller; place and date not given: "The State Is in No Position To Obtain...Markets"—first paragraph is FIGYELO introduction]

[Text] The new minister of industry and commerce has given a number of interviews during the past two months. He had asked this newspaper to wait for an interview until he familiarized himself with his new functions and until he was able to report his initial decisions, in addition to his perceptions.

[Eller] Bela Kadar, minister of external economic relations, regards foreign trade as the success branch of the economy. Should this praise not be shared by other branches that produce saleable products? In viewing the composition of exports it appears that in reality no one has reason to be proud.

[Szabo] It is quite obvious that behind successful performance in foreign trade—and I am not about to underestimate that—we also find results produced in other areas. But it makes no sense to talk about success in terms of branches at a time when we can be sure that the composition of our exports falls below European standards. Precisely for this reason it was necessary to become associated with the EC; this will open thus far artificially closed markets to us. And one has to recognize that in the course of these negotiations the NGKM [Ministry of External Economic Relations] has performed very well.

[Eller] [Finance Minister] Mihaly Kupa has recently said that Hungary could become a full-fledged member of the EC within two years. Others claim that this would amount to liquidating Hungary's industry. What do you think, is Hungarian industry really prepared to adopt the EC rules of the game?

[Szabo] I am afraid that the "danger" of becoming full-fledged members of the EC within two years does not threaten us. In welcoming the fact that we have managed to reach an asymmetric agreement concerning customs duties, we also convey the sense that we will not be fully prepared in a year or two.

[Eller] Although the Ministry has already developed an industrial policy concept, a division director from the ministry told a meeting of professionals that the concept was inappropriate.

[Szabo] There really is no long-term industrial policy concept. One thing is certain: A usable concept could not have been prepared six months after the 1990 elections

because so many changes have taken place in our neighborhood—things no one has thought of. Not only the Soviet market has disappeared, but also the Soviet Union. Another fact is that it was possible to manage certain areas of the economy—and within that industry—only on the basis of fighting brush fires. Some problem-solving programs have been, and continue to be, developed for individual trades and regions. In part, these must be continued, on the other hand, we also need a long-term industrial policy concept which reflects apparently lasting international processes and world market phenomena, and within that, we must find our own place. But this concept turns into reality in the framework of doing business.

[Eller] When can we expect to see a finished new concept?

[Szabo] The first draft is presently being discussed by a conference of ministers. Thereafter we will hand it out to outside professionals for supplementary ideas and comment, and we expect to have a finished product during the third or fourth quarter. Projections are being made for 10 to 20 years.

[Eller] It appears that State Property Management, Inc. [AVRt—Note: references elsewhere to this body are "State Ownership, Inc.," ATR] will be established within weeks or months. Some feel that the privatization concept will be changed and fear another wave of centralization.

[Szabo] The predominant view thus far held that privatization revenues be used to defray the state's indebtedness. It has turned out, however, that neither the volume nor the timing of privatization revenues are synchronized with the dates when debt payments are due; accordingly, the system does not work that way and we must repay our indebtedness from other resources. And if this is the case, we must establish an operational framework in which enterprises capable of functioning—enterprises that experience momentary adverse conditions due to market loss and liquidity problems—can get back on their feet and then be privatized at a much higher price than what we could obtain today. This, indeed, constitutes a conceptual change regarding privatization, and one means by which this is going to be implemented is the establishment of AVRt, as part of the new legislative package on privatization.

[Eller] When are you going to make public the list of enterprises to be transferred to the AVRt? Lajos Csepel told this newspaper (FIGYELO No. 4, 1992) that the list included the pharmaceutical manufacturers and the Hungarian Cable Works, i.e., enterprises in which the proportion of state ownership is relatively low. What justifies this action?

[Szabo] The legislative package on privatization must be debated in Parliament. Following the adoption of the package a government determination will specify the enterprises to be transferred to the AVRt. The enterprises to be transferred will be grouped according to the

extent of state control, 100 percent, and there will only be a very few of these—or majority state control, or minority, nevertheless long-term, partial state ownership. A large majority of enterprises that should not be fully privatized within a few years, and whose privatization cannot be expected at all, will be transferred to the AVRt.

[Eller] Is the Ministry of Industry [IKM] going to have a voice in the board of directors of the AVRt, or in the possible decentralization of the enterprises?

[Szabo] The direction to be provided in this regard by the Ministry of Industry will amount to no more than in any other private firm. Irrespective of the fact that the AVRt is going to include not only 100 percent state-owned enterprises, for the time being the majority of the enterprises within the AVRt will be 100 percent state-owned enterprises. In regard to such cases the law clearly states that at the moment of transformation the conceptual principles of all branch ministries can be enforced. Every former founding organization, every branch ministry may nominate its own representatives as members of the AVRt board of directors in order to achieve market-oriented functioning.

[Eller] While production in industrial enterprises employing more than 50 persons has dropped in an average by almost 20 percent, production in the private sector has increased. One can only estimate by how much, because there are no statistical data. What do you, as minister of industry, want to do with the small enterprises?

[Szabo] The law on statistics is presently being submitted to Parliament, so that we also have proper information in this regard. It is obvious, of course, that individual recordkeeping by branch ministries is incompatible with the concept of a democratic constitutional state. It is equally obvious that we cannot interfere with the functioning of private firms, but in the framework of an industrial policy concept or partial concept we will provide them the same information as we provide to large enterprises. My conversation with the Danish minister will remain a memorable experience. She told me that in Denmark the state indicates the direction from where an investor may expect to realize extra profits, but from that point on the most the state can do to attract capital is to create a favorable economic microclimate.

[Eller] By reducing inflation, or by initiating a reduction in interest rates charged by banks, for example?

[Szabo] Many complain that in Hungary the interest rates are so high that it is not worthwhile to invest in production. This is true to a certain extent, but beyond a certain point this matter gains excessive emphasis. After all, real interest between inflation and actual interests is not that tragic [as published]. Instead, the question is this: What kinds of products show price increases equal to or greater than the inflation rate? This is where investments ought to be made.

[Eller] The enterprises' liquidity concerns are rather grave. And yet, the loss of markets presents the greatest challenge to them. How could the government, the Ministry of Industry help these businesses?

[Szabo] The government could decide that we are not about to surrender our eastern positions, but the individual firms would wait in vain, the state would not be able to act in their place and acquire markets. The state may try to use its own means to fight for some letters of credit, but it is not the state's function to find goods to be exchanged in barter transactions.

[Eller] Perhaps the various trade associations and chambers could play the greatest role in market research and in establishing contacts with trading partners. The same way, trade associations could become the natural partners of the ministry in developing the industrial policy concept. And yet, one often finds that specialized ministries and trade groups do not communicate with each other.

[Szabo] I did not find this to be the case. As chairman of the Committee on the Economy in Parliament I have demonstrated a number of times that I was interested in the views of interest groups and I do not intend to abandon this practice in my new function. I took part in the Chamber's general meeting, I conversed with the presidents of the Hungarian Economic Chamber and of the OKISZ [National Federation of Artisan Cooperatives]. Nevertheless, I would very much like to see the adoption of a modern lobbying law, even if such a law does not fit into Parliament's agenda for this year.

[Eller] A lobbying law? How would such a law differ from the chamber law the Parliament is supposed to adopt this year?

[Szabo] The two laws are entirely different. Incidentally, the chamber law is at least as important to the state as it is to the chambers, because it enables the state to transfer some authorities to the chambers. To avoid situations in which the enterprises bombard the state with matters, such as permits, that could be performed by the chambers under their own scope of authority. On the other hand, there are certain issues involving investment policies, tax laws and the budget in regard to which the interests of individual trades and interest groups differ, moreover clash. Lobbies also try to enforce their own interests with respect to such cases. A lobby law is needed to enable these groups to pursue this in the framework of the law, and to avoid forcing them to choose informal paths which could be regarded as corrupt.

[Eller] At your predecessor's request, a British expert consultant recently completed a study concerning the organization and functioning of the Ministry of Industry and Commerce. Could you summarize the contents of the study?

[Szabo] Only the first round of the study has been completed. In this, the consultants clarify the ways in

which the Industry Ministry relates to the state administration as a whole and to the rest of the ministries. A few of their suggestions have been included in the legislative package on privatization. One of these pertains to the authority specialized ministries may exercise in the privatization process. The study made reference to the fact that IKM officials often do not understand the meaning of their work, and that the goals of the individual operating divisions should be stated more clearly. They indicated that the internal organization continues to be more closely tied to the individual branches of the economy than what would be justified in a market economy. I, too, sense this, whenever I am unable to decide to which division to refer a letter because several divisions have joint authority regarding the subject dealt with in the letter. Accordingly, as a result of this examination, the linkage to branches will by all means weaken and I would like to establish a more loosely knit organization and ad hoc organizations to deal with individual tasks.

[Eller] Is the staff size going to change?

[Szabo] The British believe that there are too few of us, compared to the scope of industry and commerce covered by the Ministry. I have doubts about this for now; we do have a personnel freeze in effect. Moreover the staff size is being reduced by a few.

[Eller] As chairman of Parliament's Committee on the Economy you have been involved in preparing comprehensive decisions relative to economic policy as a whole. Don't you feel that as Minister of Industry and Commerce your sphere of action has shrunk? For example, didn't your relationship with the Finance Ministry change? It is the number one economic policy makers, after all?

[Szabo] True, the Committee on the Economy has a greater sphere of action, and the latitude available to the Minister of Industry is narrower both in terms of structure and outlook. On the other hand, it is my belief that anyone should take part in formulating economic policy to the extent that his personality and level of being informed permits. I am unable to see myself as one who represents the interests of the Ministry of Industry in the abstract, removed from the economy as a whole. I trust that no one will misunderstand this matter if I make reference to the fact that after all, I am also a member of the presidium of the MDF [Hungarian Democratic Forum], the largest ruling party, and at that place the representatives of other ministries are also seated next to me. I am taking part in the formulation of the MDF's economic policy not in my capacity as minister of industry.

Budgeting Method, Structure Criticized

92CH0368E Budapest FIGYELO in Hungarian
27 Feb 92 p 11

[Article by Dr. Nandor Rott, Hungarian Democratic Forum representative: "Budgetary Numbers Wizardry; Soberly—After the Storm"]

[Text] Two months after the stormy and on occasion dramatic parliamentary debate on the budget, and following the conclusion of the final fine-tuning affair that caused only moderate excitement, tempers have sufficiently subsided to permit a discussion of a few shortcomings in the budget.

Rightly so, the delayed submission of the legislative proposal became the focal point of the budget debate. In the general debate the government's wasteful spending and the need for social welfare and educational investments had been the chief targets of attack. At the same time a critique of a few flaws in the realm of professional state financing, or better yet, the lack of professionalism in the budgeting process have failed to materialize.

Missing Items

It is inconceivable for the government of a parliamentary democracy to have certain revenues (and corresponding expenditures) that do not show up in the budget and in the final, reconciled balance. The budget and the reconciliation represent the political, public character of government revenues and expenditures, including the resources, and the origin, form, and use of outlays. If any government were to violate this basic principle it would remove its revenues from under this political control, would acquire "secret" resources, and to the extent of such resources its expenditures and actions would also become uncontrollable.

In Hungary, various aid payments (such as Phare) received from foreign governments and from international organizations have been consistently left out of central budgets, thus also from the 1992 balance, and so were the ("quasi") expenditures that have been paid out of these funds. One should add, however, that under no circumstance could these be regarded as "secret" revenues in the pejorative sense of this term, because some of them have been publicized by the press as contracts, etc. From the standpoint of state finances, these items had been left out of the budget nevertheless, and thus much of the utilization of these funds cannot be controlled.

In response to my parliamentary inquiry the finance minister acknowledged that there was a need to include these aid funds in the budget, and later in the final reconciliation. Since due to the shortage of time this could not be accomplished in the framework of the 1992 budget, the minister promised to make a correction at the earliest possible date and to develop appropriate methods to deal with these funds. The methodological difficulty relative to aid payments is that they often do not appear in the form of money, but as property (e.g., cars donated to the police), and therefore they constitute "quasi" expenditures. This fact in and of itself does not rule out the possibility of accounting for such items—based on their actual value, for instance—and of including these (as estimated projections) both in the budget and in the final reconciliation.

True, the countries and organizations providing aid strictly control the use of foreign (international) aid.

Accordingly, parliamentary control via the budget and the final reconciliation cannot be justified by concerns about potential abuse perpetrated by an individual (organization), but by the principle of political control exercised by the National Assembly over state finances—a minimum requirement in a democracy.

Mass of Data

The other shortcoming of the 1992 budget is that it had generally failed to define expense objects even though it stated the amounts of projected expenditures. The budgets of developed democracies show not only the amounts of expenditures, but also the expense objects, e.g., renewal of this many (square meters, cubic meters) of building space, construction of that many kilometers of roadway. This is required because legislative control over the government extends not only to cover the amount of money spent, but also the purpose for which the money is spent. Although the basis of expenditures (e.g., health care, education) is more or less defined by the distribution of funds under various budget chapters—from a practical standpoint, ministries—and within those under various titles, the budget says nothing about the actual form in which those expenditures materialize.

The inclusion of actual expense objects and explanations would undoubtedly expand the budget, but this could be offset by deleting other, superfluous materials. Defining the actual expense objects would also indicate that a ministry or an institution had satisfactorily assessed its needs. (On an ironic note, I could say "if the ministry or institution knew at all what it wanted to have.")

It is a peculiar characteristic of the Hungarian budget that while it does not provide information regarding essential matters, it bloats the already huge avalanche of figures with a superfluous mass of data.

Alongside the proposed salaries and wages fund within every expenditure title it shows the corresponding amount of social security contribution even though this is based on an identical percentage ratio throughout the budget. Similarly, a decree of general applicability has established the amounts that may be expended for entertainment purposes, and it did so in the form of a given percentage of the salaries and wages fund. Accordingly, showing these amounts in several hundreds of items was also superfluous. (Although it is true that these figures provided opportunities for making comparisons and provided joy to a few opposition representatives.)

Just why a separate line per title must show a few hundred times the amounts of "General sales tax on products purchased" as a result of "other expenditures," following the already incomprehensible line of "Other expenditures," is puzzling. What kind of information is conveyed by such data? We could go on listing the superfluous numerical data.

It would be worth its while for the National Assembly Budget Committee to sit down with the finance minister

and discuss the number of superfluous figures and lines found in the budget. As a result of such discussion, representatives would have to carry a budget that was half a kilogram lighter than the present budget, and they would have to mull over a few hundred fewer pieces of data when the dawn of debate arrives once again.

Confused Picture

One of the strange structural features of the budget is that the internal breakdown into titles of the various chapters (ministries) varies substantially. Thus, for example, the Commercial and Hospitality Industry Academy constitutes a separate title in the Ministry of Industry and Commerce chapter, while 20 teachers' academies are combined in a single title under the Ministry of Culture and Public Education. Well then, the question arises: Should the one who has only one unit be treated separately, and the one who has many in a combined fashion? This is not just a joke, because having an independent title in the budget also means greater financial independence. The Ministry of the Interior details its own (state administrative, police officer) academies at least at the level of subtitles, others do not follow the same practice even in regard to their universities, whereas this method, providing independent budgeting authority at least at the level of subtitles, could be the appropriate solution. While the Transportation Museum and the Agricultural Museum constitute individual chapters, the expenditures of the rest of the museums are melted within the Ministry of Culture as a whole.

These examples have been randomly picked from among hundreds of strange situations. Accordingly, a uniform, rational breakdown of budget titles that makes sense from the standpoint of both logic and content should be provided. One cannot comprehend why this uneven structure, the resultant inability to review and compare, and the structural problem of independent state financing (in reality of independent functioning) has not been criticized as part of the parliamentary debate. (The fact that the proposed state budget law does not appear to improve this situation either is even more depressing.)

To render the situation even more chaotic, certain expense purposes have not been specified under the ministries to which they would logically (and naively) belong, based on their respective designations and functions.

Thus, for example, one of the appendixes to the budget states that "the government increases its support of regional development purposes by 6 billion forints." Not only does this amount fail to appear in the Ministry of Environmental Protection and Regional Development chapter, it is not even mentioned there. Instead, under the heading of "Allocations managed at the level of titles" one finds the shameful amount of 20 million forints for "Regional development tasks." In contrast, "Development of backward areas and support for unfavorably situated regions" ...6,000 million forints is both a

heading and an expense item under the Finance Ministry chapter. One wonders why. Could it be because they wrote the budget?

In reality, most of the above-mentioned shortcomings and problems of the budget have not come about for financial reasons or because of the Ministry of Finance; their origin may be found in a different dimension, if you will. Issues pertaining to the structure, authority and procedures of upper-level state administration need to be clarified and systematized, and this is an extremely complicated, complex and time-consuming task with heavy political implications. One could only hope that somewhere, someone is dealing with this matter. The transition to a financing system that serves the democratic, constitutional state cannot be accomplished by magic, it involves a lengthy, tedious work process.

Long-Term State Ownership of Enterprises Scored

*92CH0371B Budapest FIGYELO in Hungarian
20 Feb 92 p 3*

[Editorial by Gabor Karsai: "Murphy's Privatization Law"]

[Text] A contradiction that reveals a number of things is certainly going to disappear when the legislative proposal concerning State Ownership Inc. [ATR] is finalized. This contradiction may be seen in the fact that while the text of the proposed law states that the ATR would operate assets of strategic significance, the legislative intent submitted by the government suggests that crisis areas have been maintained under state ownership everywhere in the world. The coloring of this picture is enhanced by the fact that according to data publicized on the basis of preliminary lists of enterprises, the state would partly or fully retain under long-term state ownership enterprises that comprise between 30 and 40 percent of the state's present entrepreneurial assets, and which produce between 60 and 70 percent of the aggregate profits. This obviously is no coincidence and it is likely that better than average profits are one of the criteria for "strategic significance."

Some people are disturbed over this; they claim that good enterprises are bound to further deteriorate in the state's hands, while the bad ones cannot be privatized anyway. Others ruffle their feathers because bad enterprises remain under state ownership; they believe that this measure serves to senselessly salvage these enterprises at great cost. Yet others are disturbed by the simultaneous voicing of a dual, conflicting outlook which attests to the fact that the government lacks a concept.

All this is not at issue, however, in this instance. The question is whether we believe that the state could be a better owner than private persons. If we do, it would be worthwhile to retain under state ownership both the crisis branches of the economy, and the more profitable enterprises. If, on the other hand, we take a look at the record of the past 40 years and do not believe that the

state could be a better owner than private persons, the rather limitless criteria—such as economic strategy, national economic interests or "other important" interests, all of which have been included in the legislative proposal—do not justify the maintenance of long-term state ownership. In places where continued state ownership appears to be justified, arguments should be provided to explain why state regulation should be supplemented by state ownership.

In weighing the role of the state as an owner one cannot disregard the fact that behind interests called "national" interests one often finds easily recognizable individual or group interests, just as it is likely that the government's insistence on state ownership veils an endeavor to establish a client stratum committed to the ruling parties and to acquire direct economic power.

The characteristic argument supportive of maintaining state ownership holds that enterprises belonging to the ATR could also be partly privatized, and if justified, these enterprises could be reclassified as eligible for major or full privatization. The trouble is that the evolving new state ownership organization will hardly be interested in privatizing the property that belongs to it, because this would result in the self-liquidation of that organization. (By no coincidence, based on the law, even the State Property Agency [AVU] would have to transfer property which, for the time being, cannot be privatized.)

We have learned from Murphy's Law that if something can go wrong, it will go wrong. If the state's ownership organization has a way to avoid privatization, it will do everything to prove the lack of need for, and the impossibility to privatize. And the fact that Murphy's privatization law is no mere fiction is well demonstrated by the fact that thus far various branch ministries have also endeavored to broaden the scope of enterprises that are supposed to remain under long-term state ownership.

New Investments Boost Mutual Fund Market

92CH0371A Budapest HETI VILAGGAZDASAG in Hungarian 15 Feb 92 pp 91-92

[Article by Gyorgyi Kocsis: "New Investment Opportunities: Foundation Works"]

[Text] They have now begun laying the foundations of capitalism in the literal sense of that term. Just two months after the adoption of the law on investment funds, and a few weeks after its effective date, the State Securities Supervision has registered the first two investment fund management firms. Additional firms are preparing to register and the funds themselves are just about to become a reality.

The Hungarian public must once again familiarize itself with a new type of security. The investment certificate follows in the footsteps of bonds, the first securities that have reappeared in 1984 since the war, and stocks that have been resurrected in the late 1980's. Professionals

hope that investment certificates become the medium that will reestablish the faith of private investors in securities—private investors who have thus far felt strange about the young securities market or who might have already become disillusioned. Let us admit that there have been enough reasons for disappointment: Inflation has done away with fixed interest rate bonds, and recession has wiped out the value of stock traded on the Exchange.

Investment funds that have quickly multiplied in developed countries during the past decades have as their purpose to bridge small investors' fears about taking excessive risks, and cautious attitude regarding the management of their modest savings on the one hand, and return on investment on the other—the very reason why the capital market exists. The technique used is extremely simple: Investment firms pool small investor savings in exchange for investment certificates, then invests the amount collected into securities with variable risk levels. The portfolio thus established is continuously changed by the manager of the fund so as to maximize the total value of, and the return on the securities. The owner of the investment certificate is entitled to a share of the return and of the increased value of the fund, based on the proportion represented by his investment in the total value of the fund. Accordingly, the manager of the fund "provides" expertise for an appropriate fee to the investor who, as a layman, short of time, would be hard put to continuously provide for the most advantageous investment of his savings.

The Hungarian theoretical model appears in a peculiar way also in this instance. As the aforesaid indicates, although the primary purpose of investment funds is to reduce risks, the investment funds to be organized here are to be invested into the already safest securities issued by the state. CA Securities Investment Fund Ltd., an enterprise formed by Creditanstalt Securities, Inc. with 5 million forints in capital stock, has recently announced

the establishment of a fixed term (five years) "Fund To Be Invested in Hungarian State Securities" early this week. As Managing Director Kristof Nobilis has indicated, a few days will be available in late February or early March to subscribe to this fund. They are counting on the sale of at least 1 billion forints, or at most 3 billion forints worth of 10,000 forint nominal value individual investments certificates.

"We must rule out the possible loss of investments if we want people to accept the idea of investment funds," CA Securities Inc. Director Andras Simon stressed. The fact is that the CA fund is aiming for absolute security: it intends to invest the expected 1 billion to 3 billion forints into fixed interest rate treasury certificates that are about to run out, discount treasury certificates sold at auction that are not directly available to private persons, three-year bonds, and 15-year state bonds issued in 1987 that could also be purchased only by business organizations, and, of course, into state securities yet to be sold on the market. Quite obviously, anyone could purchase several of these securities directly, except for the fact that in doing so a person would not acquire a tax benefit. In contrast, the 1992 personal income tax law provides that persons purchasing investment certificates may deduct from their tax base the amount expended. Accordingly, persons taxed on the basis of relatively higher tax brackets are better off if they purchase the investment certificates issued by funds backed by securities issued by the state: CA Securities, Inc. figures that in the course of five years investors would realize a 37.7 percent net, after tax return minus the fees to be paid to the fund's manager. This is based on a presumed 30 percent annual interest rate, a 20 percent resource tax on the interest, and a 40 percent deduction from the tax base. The relative advantage materializes only if an investor holds on to his investment certificate for at least three years after having made the investment. Not only the tax deduction, but also the supplemental amount due for the investor's self-managed security must be repaid.

The Most Important Hungarian Securities Issued by the State

	State Bonds Issued in 1987	Three-Year State Bonds	Variable Interest Treasury Certificates	Fixed Interest Treasury Certificates	Auctioned Discount Treasury Certificates
Date of issue	Jan 1987	1 Dec 1991	1 Jul, 1 Nov, 1 Dec 1991	Several times since 1988	Several times since 1988
Face value	9 billion forints	15 billion forints	10 billion forints on 31 Dec 1991	4 billion forints on 31 Dec 1991	30 billion forints on 31 Dec 1991
Interest	10%	Determined twice a year based on the annual interest of 90-day discount treasury certificates sold during the previous six-month period, weighed by the volume of trade, plus 2%. At present, 37%.	Interest accrued daily. 28% for 31-90 days; 31% for 91-180 days; 32% for 181-270 days; 34% for 271-364 days; 36% for 365 days;	90 days: 31%; 180 days: 32%; 270 days: 34%	30 billion forints on 31 Dec 1991; based on auctions; Average of 31.5% - 32.1% in January 1992
Interest paid	Once a year, on 1 Dec	Once a year, on 1 Dec	At maturity	At maturity	At maturity
Term	15 years	3 years	1 year	90, 180, 270 days	30, 90 days

The Most Important Hungarian Securities Issued by the State (Continued)

	State Bonds Issued in 1987	Three-Year State Bonds	Variable Interest Treasury Certificates	Fixed Interest Treasury Certificates	Auctioned Discount Treasury Certificates
Capital repaid	Between 6th and 15th year, in 10 equal installments	In one amount at maturity	At maturity	At maturity	At maturity
Denominations	10 million forints	10,000 and 100,000 forints	10,000, 100,000, and 50-million-forint combined denomination	10,000, 100,000, 1 million forints	500,000 forints
May be purchased by	Businesses only	Private persons and businesses	Private persons and businesses	Private persons and businesses	Businesses only

* Plans call for the issuance of new treasury certificates in February. Except for 31-90 day securities, interest rates are expected to be reduced by 1 percent.

Source: CA Securities Trading, Inc.

Funds created from securities issued by the state perform the greatest service for the state budget, because they establish supplemental demand for between 40 billion and 70 billion forints worth of deficit-financing state bonds planned to be issued this year. In addition to state-provided guarantees, the interest rate—high even on an international scale—paid after such bonds is expected to lure away liquid funds from the entrepreneurial field which is incapable to compete by offering a similar return on investment. Doubtless, this is good business for investors, and due to the fees to be collected, for fund managers. Insofar as foreign investors are concerned, the investment is sound even if its term exceeds three years. This fact has been recognized by Capital Financial Advisers, Inc. when they established their investment fund management firm called Europool, Ltd. Their plans, too, call for a three-year fixed term 1 billion forint fund with limited subscription: The potential investors they are looking for consist of a minimum of 20 foreign firms and foreign private persons. The minimum number has been established by law. Europool, too, intends to invest the fund in zero risk, state-guaranteed securities; short of a tax advantage, the supplemental benefit to be derived by the investor appears in the form of actual appreciation. According to calculations made by Europool Managing Director Tibor Szabo, along with a 30-percent interest rate and a maximum 15-percent loss on exchange rates—this is the actual average devaluation rate of the forint during the past three years—Western partners could find a greater return on, and more secure recovery of their capital in Hungary than in most foreign capital markets. Aside from that, these investors would also finance the state's expenditures. But plans that also aspire to attract foreign investors may fail because the Hungarian law on foreign investments does not permit the designation of investment certificates to individuals and therefore a quick amendment to the law would be beneficial.

Initiatives thus far appear to prove correct certain criticism made by a number of experts in the course of drafting the law on investment funds. According to these views the law has established excessive requirements and

thus has hindered the establishment of so-called open-ended investment funds. The essence of the present fixed-term funds is that the manager of the fund guarantees the repurchase of the investment certificates at the end of the term. Anyone wishing to sell his investment certificate prior to the expiration of the term may do so at the stock exchange: The law obligates fund managers to initiate the introduction of the fund at the stock exchange, and the Budapest Stock Exchange expressly provides an advantage to investment funds by providing a 50-percent discount on introducing and on the continued trading of investment funds, according to its newly introduced rules. The situation is different with respect to so-called open-ended funds: such funds do not have either a fixed term of maturity nor a nominal value, fund managers are authorized to continuously issue new investment certificates, and commit themselves to repurchase investment certificates issued earlier at prices based on a formula specified by law. Performance on this obligation requires appropriate liquid resources; for this reason the law requires managers of open-ended funds to maintain cash or resources that can quickly be liquefied. Such funds should amount to at least 10 percent of the net value of assets.

Unlike many others, Laszlo Vavra, the future manager of Buda Portfolio Investment Fund, Ltd., waiting to be registered, thinks that it is possible to comply with this requirement. According to his logic, his planned open-ended investment fund would practically compete with demand deposits. Vavra believes that this is promising even with strict liquidity requirements, and pins his hopes on the fact that his investment certificates could, at any time, be easily redeemed and that unlike fixed term certificates traded on the stock exchange, investors would not be required to execute brokerage agreements in order to redeem certificates issued by Buda Portfolio. Fund owner-manager Vavra believes that in addition to investing in state securities, at least half the amount of the Buda Portfolio fund will be invested in stock traded at the stock exchange. This, in turn, might render Buda Portfolio investment certificates less attractive, because, according to present rules at least, persons purchasing

first issue stock directly pay only a 10 percent tax after dividends, while the tax on return on investment certificates is 20 percent.

Buda Portfolio's investment policies will certainly be best rewarded at the Budapest Stock Exchange where investors will share, at least in the short term, hopes pinned on investment funds. Trading of investment certificates at the stock exchange is likely to be less than spectacular for the time being due to tax incentives encouraging the retention of investment certificates beyond the three-year term. At the same time, funds that have made the greatest progress thus far will stay far away from the undoubtedly risky stock market. Active "marketing work" among firms ready to have their stock listed on the stock exchange and the possible introduction of a third "class" of securities traded on the stock exchange, in addition to today's "listed" and "traded" categories, may provide a boost in this situation, according to Jozsef Rotoyi, the deputy chief of the Stock Exchange secretariat. A greater choice of securities traded at the stock exchange will certainly increase the number of entrepreneurial initiatives that choose various strategies by which to manage investment funds. Thus far the puzzled citizen wandering around the capital market has been unable to tell which securities to buy. At this point his concern will focus on which investment fund to choose from among the many which rush to his help.

Civil Aviation Rules Changed, Relaxed

92CH0368F Budapest FIGYELO in Hungarian
27 Feb 92 pp 1, 22

[Article by SEBOK: "Civil Rights for Airspace; It's Flying, It's Flying"]

[Text] Air transportation and airport enterprises will receive far more free (air)space than before. A recently promulgated government decree renews certain rules applicable to civil aviation.

The law on air traffic is going to provide real freedom to entrepreneurs, but recognizing Parliament's busy schedule, concerns are that the law will not be submitted to the National Assembly this year. At the same time, however, it is no longer possible to maintain certain rules that restrict civil aviation, therefore the [existing] decree had been amended (Government Decree No. 32. of 14 February 1992). Although the decree took effect on the date of its promulgation, its provisions will be applied as of 2 April only, consistent with international requirements.

Competent persons at the Ministry of Transportation and the Hungarian Honved Forces adopted uniform professional rules concerning flight procedures and air traffic control. Military flights no longer enjoy priority, according to these rules. Except for practice and military exercise flights to be performed in separate airspace, Honved airplanes will also have to abide by the general rules of aviation, just as military vehicles must observe

general rules of traffic on public roads. One of the most important wishes of air transportation enterprises has been fulfilled by "demilitarizing" ["making civilian"] the airspace.

Beginning in April, there will be no air corridors in Hungary's airspace; from a practical point of view the country's entire airspace may be used for civilian aviation purposes.

Temporarily restricted airspace will continue to exist for military practice flights of course, and certain airspace will also be permanently restricted for other than military reasons: to avoid endangering industrial plants and for environmental considerations. With certain exceptions, the decree itself prohibits hot air balloon flights over Budapest and over certain autonomous cities, as well as kite flying and glider flights over contiguous built-in areas. Accordingly, advertising over the People's Stadium by using a giant balloon will not be permitted.

Henceforth, however, the airspace will be divided into two parts. Flights guided by air controllers will be assigned to above 2,100 meters, below that level, however, in the so-called uncontrolled airspace, only air traffic information will assist the pilot who flies pursuant to the general rules and based on his own responsibility. Accordingly, the lower airspace will be fully "available" to entrepreneurs, sports pilots and private airplanes. On the other hand, pilots will have to pay for the freedom they have gained by being better prepared and by observing rules to a maximum extent.

One of the most frequently mentioned barriers to the evolution of domestic flight enterprises had been the requirement to obtain a flight permits 24 hours in advance, and a takeoff permit 45 minutes prior to takeoff. These obligations have severely constrained the earnings capacity of flight clubs, but it was the efficient operations of air taxi services and of other organizations preparing to satisfy urgent individual needs that were jeopardized most by these requirements. In contrast, the new decree only requires pilots to obtain an air traffic clearance before flying in the country's airspace. This amounts to a simple announcement, be that for training flights near the airport or for sightseeing flights. The filing of a flight plan two hours before takeoff—and even less time at Ferihegy—will suffice to obtain a permit for unscheduled flights on predetermined routes. Preparing flight plans will be an entirely new task for most Hungarian noncommercial air transportation firms, but this is still not too high a price to pay for freedom of the airspace.

Foreign tourism and business necessitated additional changes in laws. Up to this point the use of Hungarian airspace by foreign planes had remained unregulated; initial opportunities to land were given at Ferihegy, and during the summer season at Siofok, and subsequently also at Sarmellek. The unregulated stringency became absurd when some Hungarian air transportation firms

began to perform services by using (foreign registry) airplanes leased from abroad.

Beginning 2 April, aircraft arriving from abroad will first have to land at an airport equipped with customs facilities. International flights will also have to take off from such airports. Any public airport where regular or occasional customs and passport examinations can be performed can also have customs facilities. In other words, the earlier requirement applicable to foreign flights to acquire landing rights [“to requisition flights”] 48 hours in advance will be discontinued, (it will suffice to make a prior announcement). But an advance announcement will still be necessary at airports in the countryside not permanently staffed by customs and border guard personnel so as to permit these authorities to make the necessary arrangements. Within the country's airspace foreign aircraft may fly from one place to another based on the general rules.

From now on it will be in the interest of airport operators to change their facilities so as to meet public transportation needs as soon as possible; short of that, foreigners will have difficulty in landing at these places. (One should keep in mind that traffic produces money.) To sum up: The more foreign businessmen and wealthy tourists arrive in Hungary on their private airplanes, the better—flight rules will not present too many obstacles.

Church Real Estate, Property Claims Described

92CH0368G Budapest FIGYELO in Hungarian
27 Feb 92 p 4

[Unattributed article: “Church Real Estate”]

[Text] Churches have thus far filed claims with the appropriate division of the Ministry of Culture and Public Education for 6,167 pieces of real estate. Of these, 3,120 are being claimed by the Hungarian Catholic Church, 2,423 by the Hungarian Reformed Church and the rest by 11 other denominations. At a press conference last week Division Director Ivan Platty was unable to provide information as to the value of this property because each and every case requires individual decisions to be made by mediation committees established for this purpose and agreements with the present managers of these real properties—primarily local governments—and the churches. The Division Director claims that in these cases one must not start out from the provisions of property law. The principles of freedom of conscience and religion play a primary role, followed by

local government and budget considerations, and real property law. In cases involving the return of schools or the offering of other property in exchange for the original property, the appropriate starting point is the need for parochial schools and the value of property. Eighty educational institutions have been transferred to churches thus far, and one may count on the transfer of twice as many next year.

Agricultural Government Loan Fund Prone to Abuse

92CH0368C Budapest FIGYELO in Hungarian
27 Feb 92 p 4

[Article by P.B.: “Song About the Wheat Fields”]

[Text] Even though those wheat fields are only beginning to turn green, one can already tell that there is going to be less crop this year than last year. The National Board of Crop Producers told a press conference on 24 February that farms report a 20 to 30 percent crop reduction and a virtually complete lack of fertilizing. Pessimists predict that this year there will not be enough wheat to export.

Prospects for buying wheat in Hungary are not overly encouraging either. Although the government provides credit guarantees to finance crop work that has to be done in the spring, buyers are in no hurry to make their offers. Some buyers do not make offers because the buying firm has become totally indebted and has no money at all, in other instances the directors of such firms dare not make decisions.

The offers made are not satisfactory either. In one county buyers offered a note for 40 percent of the crop price, payment of 30 percent of the price by 30 September and the other 30 percent by 31 December. In any event, farmers have figured out this much: as a result of inflation, this method of payment reduces the price of wheat by 20 forints per month.

In other places buyers want to strike barter deals with the farms. They propose to pay for the crop in the form of insecticides, sowing seed, fertilizers, and only a minimum amount of cash.

Producers are concerned because they are unable to start their spring work without finances. At the same time, however, the government's credit guarantees are conditioned by having a sales agreement. This is like a gift to buyers entering into contracts, and they may abuse this opportunity.

Issues in Polish-Ukrainian Relations Viewed

92EP0234A Warsaw POLITYKA in Polish No 5,
1 Feb 92 p 12

[Article by Prof. Wladyslaw A. Serczyk: "Discovering Ukraine"]

[Excerpt] [passage omitted]

Claims and Resentments

At the interview granted on 18 January 1992 to the Polish Government (the interview was held in the morning on the First Polish Government's agenda), each of the leaders of the Ukrainian political opposition affirmed that Ukraine is currently not able to advance territorial claims to Poland regarding the so-called ethnically Ukrainian lands, since it is preoccupied with rescuing the economy and organizing the new country. They added, however, that in some 10-15 years, the conditions might be favorable for putting this issue on the agenda.

The emergence of these points of view in the Ukrainian parliament should not be ignored on either side of the border. To be sure, we ought not to overvalue the single, unpremeditated pronouncement of a member of the Supreme Council of Ukraine that was inconsistent, anyway, with the mutual Polish-Ukrainian declaration of 13 October 1990, although it is also impossible not to notice the fact that this voice is not completely isolated. Moreover, in conducting intensive efforts aimed at restoring the national history in the life and consciousness of the Ukrainian people, this history is being revised. Thus, I read with amazement in Issue 29 of the 1991 journal POKLYK SUMLINNIA (The Call of Conscience), published in the Lvov organ of the Ukrainian Vasyl Stus "Memorial" Historical and Educational Organization, that "in distant 1942, various misunderstandings arose between the Poles and Ukrainians that were instigated by the Polish underground organization, The National Army. (...) In 1942, the Polish fighting squads began attacking the Ukrainian troops at Volyn, and plundering and destroying them. At the time, many of the Poles (Mazurs) illegally migrated to Volyn from western Poland. Here they formed the core of these fighting squads. (...) In response to the Polish terror at Volyn, self-defense squads began being formed in the same year of 1942 under the leadership of Taras Borowec-Bulba...." And so forth in the same tone. The article also says that the Poles collaborated with the German occupational forces, and that they were Bahnschutz men. It brings to mind the well-known short poem:

When Kara Mustafa, great leader of the Cossacks, summoned his army across the Alps to Krakow...

It is clearly too much to hope that the restoration of the people's native history will discuss events of which they should be ashamed. Reticence of this type is completely understandable. In the end, even the Polish side did not brag too much about the fact that Hetman Stanislaw

Zolkiewski allowed unarmed Cossacks and their accompanying women to be slaughtered at the sacred spot of Solonic near Lubni in 1596. The gehenna of the captured members of the Ukrainian Insurgent Army and also of the innocent civilian population, who were held in the camp in Zaworzen and tortured by the Polish defense forces without regard to age or sex, was concealed in euphemisms or simply not mentioned. However, it is another matter to conceal facts, and to falsify them, all the more so as in this case, it creates an atmosphere that fosters the emergence and endurance of chauvinistic attitudes.

It is impossible on this occasion, however, not to mention that we Poles are also not blameless. This especially concerns the continually reviving and variously expressed moods of reclaim, associated with the outcome of the Ribbentrop-Molotov Pact, and the later agreements from Yalta and Potsdam. The Lvov matter appears not only in splendid, heart-wrenching memoirs and scholarly treatises, but also in pronouncements that are equally at variance with good manners and the Polish reasons of State.

How Should Normality Look?

Thus, what should be done to achieve normality in Polish-Ukrainian relations, and eliminate existing resentments?

I think that one of the possible future solutions would be the gradual transformation of the state border separating Poland and the Ukraine into a stipulated line of administrative division. Next, historians have a particular responsibility for properly forming the new social consciousness of both nations. To start with, a bilateral Polish-Ukrainian commission, composed of real experts with important academic authority, who are not subject to any pressure due to the existing state of affairs, and who are prepared to work as a team, should be created to deal with school textbooks. The commission should not concern itself with formulating mutual claims, but it should competently formulate positive solutions in accordance with the results of scientific studies, which satisfy both parties.

But this is not all, only the beginning. An important step would be a joint initiative, pursuant to the declaration of 13 October 1990, concerning the explicit censure of the events evoking tragic, bitter memories, and causing the constant revival of the long exposition of mutual sorrows. It concerns the bloody actions of the Ukrainian nationalists against the Poles at the former Lines of the Republic, and Polish reprisals and the "Wisla" action, together with the principle of collective responsibility that was used later.

This should be promoted by the current situation, since Ukraine has broken away from the USSR, and, just like Poland, has become a fully independent and sovereign nation. Today, both regimes and both parliaments are

able to speak for their citizens, and the time has come for negotiating a joint declaration on the above-mentioned issues.

Just such a joint declaration will have enormous significance, allowing sons to be cleansed of the sins committed by their fathers, and enabling, in the future, the peaceful, and as much as possible, dispassionate study of these matters. History cannot be changed, but the constant wallowing in blood spilled years before can only lead nowhere. Writing out and mutually exhibiting to each other the long accounts of wrongs is proof of a complete lack of understanding of the demands of the modern world, and is completely anachronistic today. After all, to whom should these accounts be exhibited? The dead culprits? The nonexistent states?

Negotiations and discussions may take a long time, but there are matters that can be settled offhand. One of these is the trend to facilitate individual contacts, for example, by significantly increasing the number of border-crossing points, and simplifying passport and customs formalities to the maximum and reducing them to the essential minimum, etc.. This relates especially to the Ukrainian side, where uniformed state functionaries at the border still blow off steam at the "civilians" submitted to their temporary authority, just as their predecessors representing the USSR used to do.

The national minorities—the Ukrainian minority in Poland and the Polish minority in Ukraine—should have special protection. These people have suffered too many bad things in the past years, in order not to hope for even small satisfaction now. Sometimes this is limited to usual, but sincerely offered apologies, some other time it may be expressed by the return of a formerly forbidden property, school, or temple. Anyway, we are more and more often having to deal with facts of this kind. But, two years ago, if I had had reason to attend the meeting of the Society of Polish Culture of the Lvov Land (TKPZL), held on 3 December 1988, I would have heard: "We don't want much. We need a modest office, the possibility of publishing a newspaper, and a little antenna time on radio and television."

Today the LVOV GAZETTE is published in Rzeszow; and what of the rest of the demands? There is still one serious problem, which Stanislaw Cerkas, the current chairman of the TKPZL, has turned his attention to many times. It concerns the necessity of obtaining constant material support for Polish senior citizens, who are deprived of close family. Especially now, when Ukraine is undergoing economic crisis and attempting to follow the road to a market economy, this matter is growing into a range of problems.

Polish-Ukrainian relations are such a vast issue, and occupy so great a volume of detailed materials relating both to the sphere of politics, economics and culture, as well as to the past and present, that it would be an error to limit them exclusively to regulated contacts by diplomatic services. However, something has already been

done. Evidence of this was the participation of the Polish delegation in the founder's congress of the Ukraine Movement, the open, frank, and hard to overrate discussion of the Polish and Ukrainian parliamentarians, held on 4-5 May 1990 in Jablonna, and numerous already completed, or in the process of being prepared, meetings of historians, of which the soonest will take place in Kamienec Podolski at the end of May, 1992. The Stefan Batory Foundation and the Kuncewicze Foundation, which have a wealth of experience at their disposal, play a large role in these plans on the Polish side.

We repeat: Poland became the first nation to recognize the independence of Ukraine. This is the capital that one is not free to squander. Soon after this step, there should be subsequent ones, aiming especially to overcome the stereotypes existing in both societies, and to bring nearer to them the true image of both nations. We all bear the responsibility for this, without exception.

Will we manage to bear this burden? This question will be answered by the Poles and Ukrainians in the near future. Their answer will determine, in large measure, the shape of Eastern Europe and the atmosphere dominating there. Today, the most important matter for the Ukrainians is the establishment of relations with Russia, and escaping its internal crisis; tomorrow, Ukraine will turn towards Europe. In this way, Poland should await her friendship and be prepared to offer help.

KLD Congress Spurs Discussion on Liberalism

Opposing Views on KLD Party

92EP0248A Warsaw RZECZPOSPOLITA in Polish
24 Feb 92 p 2

[Article by Ma. S.: "At the Liberal Democratic Congress: A Heated Debate"]

[Text] In his electoral platform Lech Mazewski supported the concept of the KLD [Liberal-Democratic Congress] as a broadly understood center-right party. The establishment of a new center-right umbrella formation comprising all the groupings to the left of the ZChN [Christian-National Union] and to the right of the left wing of the Democratic Union, should be brought about by means of "platform talks rather than of a single political movement." Mazewski proposed establishing a coordinating committee for these groupings.

But [the rival candidate for leader of the KLD] Donald Tusk, presenting his interpretation of the KLD platform, tried to minimize all differences in views, stressing, "The style of the liberals is the ability to engage in disputes which do not develop into conflicts" but serve to work out a coherent program of action. Privately Tusk was viewed as a moderate supporter of "integral liberalism." In the auditorium he declared that it does not matter "whether a liberal begins his Sunday with a soccer match or with a mass."

The two candidates differed in their assessment of the government of Jan Krzysztof Bielecki. Mazewski declared, "More questions have remained unanswered than problems solved." Tusk said that he has "a very good opinion of the Bielecki government" and that its potential for success was to some extent impaired by the circumstances in which it had assumed power. Both rivals agreed on one thing: Jan Krzysztof Bielecki should become the chairman of the Caucus of Liberal Sejm Deputies.

The former prime minister [Bielecki], while refraining from a direct evaluation of his administration, defined "the requirements for effective governance." They are: support by the majority coalition, a coherent program of action, and the adoption of the "small constitution" [by the Sejm] as speedily as possible.

Tusk Rejects Party Factions

92EP0248B Warsaw RZECZPOSPOLITA in Polish
24 Feb 92 p 2

[Interview with Donald Tusk, the newly elected chairman of the Liberal Democratic Congress, KLD, by Małgorzata Subotic: "Factions Are Out, Normal Political Party Activities Are In"]

[Text] [Subotic] Will the Liberal-Democratic Congress retain its character as a party of pure liberalism, or will it turn into a grouping with a broader conservative-liberal form?

[Tusk] The National Conference decided to retain the existing "liberal" nature of the KLD. This is demonstrated both by the platform resolution adopted by the delegates and by their personal choices in the election.

[Subotic] What about the proposals of your rival candidate Lech Mazewski for forming a coordinating committee of center-right parties to the left of the ZChN and to the right of the left wing of the Democratic Union?

[Tusk] It was I who was elected the party chairman, not he.

[Subotic] Are not you feeling apprehensive about the consequences of the fact that certain KLD branches, e.g., in Upper Silesia, voted against your candidacy?

[Tusk] In the next few days, I am going to Silesia in order to explain that our internal differences certainly do not mean any coming schism. The fact that the Silesian delegates had voted for Lech Mazewski I consider something largely natural. The Liberals in Silesia have close ties to the Catholic Church, this being due to, among other things, the history of the rise of liberalism in that region. And Mazewski has been presenting himself as a supporter of conservatism, stressing his Christian-democrat sympathies.

[Subotic] You are saying that no factions will form within your party, aren't you?

[Tusk] I shall certainly not start anything like that myself. I consider disputes within the party to be good to its growth. The differences in ideas and philosophies are an asset to the KLD rather than a reason for conflict.

[Subotic] In closing the conference you declared that for the first time the party has a democratically elected national committee. Were its previous national committees undemocratic?

[Tusk] Previously it was possible to predict the future membership of the committee. There was no doubt about who belonged to the Warsaw-Gdansk leadership circle. Previously the elections were of a "cronyist" kind. But this time interest groups formed within the KLD and the composition of its new national committee reflects the actual alignment of forces.

This conference closed a stage in the history of the KLD as a party devised as an adventure by a group of friends. Now the KLD is beginning to operate as a regular political party. It may be that this transformation will be beneficial politically.

[Subotic] Your comments made at Sunday's press conference make it sound as if the Liberals are in favor of reshaping Jan Olszewski's government and at the same time consider such reshaping infeasible. Don't you perceive the contradiction in their views?

[Tusk] Such reshaping is not feasible nowadays. But that does not have to hold in the future.

[Subotic] What is needed before the ruling coalition can be expanded by including, e.g., the Liberals?

[Tusk] One thing is certain: [the KLD] should not push for a collapse of the Olszewski administration. A worse majority coalition forming the ministerial cabinet can be readily conceived, but a better one is hardly conceivable. I am saying this despite my low estimation of the Olszewski administration. We the KLD are in the opposition, and unless the opposition garners a majority of votes, we shall not try to topple the Olszewski cabinet.

[Subotic] But could such a majority opposition be formed as a result of the proposal of the leader of the Democratic Union Tadeusz Mazowiecki, made during the Conference, to build an alliance among the Center Accord, Liberal-Democratic Congress, and Democratic Union parties in order to protect the reforms?

[Tusk] This proposal has also been mentioned by the Liberals during the campaign for elections to the parliament. Now the fundamental problem is a seemingly paradoxical issue: What would be the nature of that coalition with the participation of Center Accord? Would it be the ruling coalition or a coalition of the opposition? The question arises because, after all, Prime Minister Jan Olszewski is a member of Center Accord. This question has to be answered by Center Accord itself. As regards the position of the Democratic Union and the KLD, I see no problems.

Doctrine of Liberalism Defended

*92EP0248C Warsaw RZECZPOSPOLITA in Polish
21 Feb 92 p 3*

[Article by Janusz Lewandowski, minister of privatization and ownership transformations in the Jan K. Bielecki government: "What Kind of Liberalism Is Needed in Poland?"]

[Text] Following the vertiginous year 1991, the Liberals have been redefining their place on the country's political map. That place is not without interest to the roughly 1,000,000 people who had voted for the Liberal-Democratic Congress. It also affects the fate of the reform of the system of society in Poland.

The Clue Is Implied in the Origin

Among the liberals, aggressive attitudes are not appreciated and it is not good form to look backward. Yet looking backward provides some guidance and offers a reminder of the values that should be dusted off, because they had accounted for the quality and force of attraction of the liberals in the 1980s. Well, in their own particular way, the liberals did participate in dismantling communism. They had represented a separate, economically positivist orientation of the opposition, an orientation hostile to empty gestures and supportive of specific changes, local and material ones. On the one hand there were the economic societies and entrepreneurial circles and on the other, the publications (such as PRZEGŁAD POLITYCZNY) and debating clubs shaping the thinking of the young intelligentsia and promoting an understanding of the traditions and institutions of the West. Theirs was the kind of opposition that overcame stances of rejection and boycott [of the powers that were]. They were the kind of people who, relying on their own personal fortitude, had lived outside the [communist] system without thereby becoming external or internal emigres. For while the then main opposition to the communist regime, namely, Solidarity forced polarization into two extremes—the authorities versus the society—the liberals perceived the existence of an "intermediate zone" and broadened the cracks in the disintegrating system. They were creating the rudiments of a new kind of economic culture. They thus provided a highly satisfactory complement to the drama of Solidarity, most tangibly at a time when the Liberal circles of the tricity [Gdynia-Gdansk-Sopot] had organized material assistance for the strikers at the Gdansk Shipyard (printing, paints, food, communications) in 1988. This was how the Liberal-Democratic Congress, the party of objective and resourceful individuals, a party with a firm program of action and capable of altering the reality in practice, had first been formed.

What food for thought does this history of the KLD offer? In my opinion, it is worth to adhere to a kind of positivism as the characteristic feature of the Liberal orientation. It is not worth it to waste energy on the arcane and ill-conceived ploys which had hurt the image of the KLD right after the parliamentary elections. After

all, we have the ability to focus attention and energy on the domains, chiefly the economic ones, in which the country's fate is being decided. And we as liberals should take care to articulate our ideas clearly, avoiding the vagueness, ambiguity, and vacuity which characterize so many political groupings in Poland!

Liberalism Means Work on the Foundations

Following the two years of reforms the foundations of a market economy and a democracy are barely becoming outlined, and even now the meaning of this whole thing is becoming questioned. In the new year 1992, at a time when the society has already received a taste of the free market, privatization, and democratic customs, it is more difficult to be a liberal than it had been at the beginning of the reforms. But this makes pragmatic liberalism all the more needed in Poland.

In the present era of widespread confusion and discouragement we have a valuable gift to offer. We are proposing a clear and explicit and relevant vision, which we term democratic capitalism. The uncertainty in which Poles are plunged would be even much greater if the question of where to go were to be juxtaposed with the question of how to emerge from this [recession]. Democratic capitalism is not some egghead notion. We are exploring the shortest road toward tried and tested political and economic solutions. A free and prosperous society does not follow any detailed master plan but is based on several principles without which neither freedom nor wealth are possible. Liberalism means precisely the transmission of the superior values revealed by history and distilled by the experience of many societies.

We are still in the stage of foundation-laying. Democracy is fragile, because, having turned into a Sejmocracy and become superimposed on trade union structures, it cannot exactly be reconciled with effective governance. Freedom of speech will not curb responsibility for one's words and can turn into demagoguery; instead of being a way of arriving at truth in public life, it is confusing people and objectively complicating the reform. The public is rejecting the free market, because the reform has revealed the truth about the economy and the share of the political elites, thus discouraging Poles from looking that truth directly in the eye.

This precisely is the challenge facing the liberals. We know that no one anywhere has ever succeeded in gaining entry to the realm of prosperity without first letting the voices of the hard laws of the marketplace and the competition be heard. The strong social measures such as those pursued in Sweden, for example, succeeded only because they were protected (for a time) by the liberal-capitalist foundation erected with considerable effort in the years 1870-1930. That Western social-welfare state, a country of plenty, was based on a material foundation in the form of a collective consumption fund squeezed out of a healthy economy. Thus mechanisms promoting prosperity must first be solidly installed in Poland and let operate, upon protecting the

weak and underprivileged with a social minimum such as was advocated by the Liberal Minister Boni. Genuine discussion of the choice between the social-democratic or the Liberal option can take place only after the foundations of the free market are laid, after the government's presence in the economy is reduced to a level such as exists in Austria or Italy. Before this happens, it is, objectively speaking, the time for Liberals in Poland as organizers of the turnaround.

The Secular Art of Organizing Freedom

A particular trait of political life in Poland, understandable anyhow, is the fondness for adopting the disguise of Christian democrats, declaiming Christian values, and flirting with the Catholic Church. This tendency has also pervaded the ranks of the KLD, where it consists in the attempts to turn liberals into so-called Christian conservatives.

Well, I contend that such attempts are an artificial armchair strategy and meet with absolutely no understanding from a definite majority of the members and sympathizers of the KLD, who feel at their best when wearing their Liberal costume without disguising it. After all, we are not naive progressivists, supporters of the religion of progress from the era of steam and electricity, who had wanted to change everything and everyone.

We quite understand the value of continuity and tradition and appreciate the importance of the anchors represented by Christian values in our lives. It is not difficult either to uncover the Christian aspect of that mixture of knowledge and uncertainty, that opportunity for testing individual creativity, initiative, and resourcefulness which is the essence of the free market.

But the point is not to parrot such declarations, not to declaim one's membership in the colorful procession of the champions of Christian values in the Poland of 1992.

The point is that institutional and material guarantees of pluralism, tolerance, and freedom of conscience be established in Poland. Liberalism is precisely the sober art of organizing liberties, which is being perfected ever since the times of Locke and Montesquieu. Liberalism is not a program covering 24 hours of human life. On the contrary, the liberal idea is to guarantee for the individual the broadest possible range of privacy and freedom of choice, including freedom of religious choice. This is the limit at which the Liberals' ambitions end: They are not interested in exploring the ways in which the individual avails himself of his privacy and freedom of choice; they want to leave such decisions to each of us individually. That also is why we favor total church-state separation, because translating this principle into reality is a pillar of the civil society.

And we should be explicit on this point. Donning the Christian-conservative costume blurs this platform plank. It also complicates an objective treatment of national traditions, which is yet another obligation and

opportunity for Liberals in Poland. An open and dynamic society rests not only on a legal-institutional foundation. Also important is the psychological, cultural foundation, and in that respect much remains to be done. The sense of that work can be described in the language of Gombrowicz.

Thus, our history, which is that of a succession of threats to national existence, has caused the strength of Polishness to be rooted in belonging to the national community, in subordinating the individual to national purposes. Patriotism has been the collective and defensive wellspring of the energies of Poles.

The point is that these energies should nowadays be harnessed in the service of positive goals, chiefly economic goals, because that will decide Poland's place in Europe. That also is a field for action by the liberals, as ensues from their history. Efforts to stimulate a creative and challenging attitude of our society to life have never been more timely.

Proneness to take risks and initiatives and to accept responsibility for the consequences of the choices made is an evident factor in building the free market and democracy in Poland. Opportunities for enterprising individuals must be fought for firmly, because, as demonstrated by, say, the recent session of the Sejm, attacks on private enterprise are a constant factor of the process of lawmaking in our country.

This is yet another reason for not diluting our liberal identity. That identity may prove useful when the time comes for a clash with the foci of national xenophobia and nationalist stances that are germinating in some places. Combined with destitution and frustration, they are producing the most explosive mixture in Central-East Europe. That whole region exists at present in a highly dramatic and at the same time amorphous situation that is open to both good and bad outcomes. In such times pragmatic Liberalism has a great role to play, a role in forming institutions and customs.

Liberalism in postcommunist Poland and in Europe does not mean protecting some group interests. It means laying the foundations for a pluralist and open society.

Kaczynski Brothers Reveal Political Developments 92EP0249B Warsaw RZECZPOSPOLITA in Polish 18 Feb 92 p 3

[Comments by Lech Kaczynski, president of the Supreme Chamber of Control, and Jaroslaw Kaczynski, Center Accord leader, by Kazimierz Groblewski; place and date not given: "The Missions of the Kaczynski Brothers"]

[Text] "I must admit that in recent years there occurred one highly important event in which we did not play the most important role, and which was not our idea, namely, the formation of a government by Jan Krzysztof Bielecki," said Lech.

The present-day appointments to high positions in the government, such as the appointment of Jan Olszewski to the prime ministership, of Wieslaw Chrzanowski to the post of speaker of the Sejm, and of the deputy speakers of that chamber of the parliament, are largely the work of the 43-year-old twin brothers Jaroslaw and Lech Kaczynski. Center Accord, a party whose chairman is Jaroslaw, accounts for only the fifth largest caucus of deputies in the parliament. Yet the Kaczynski brothers helped Lech Walesa become president, and earlier, they had helped Tadeusz Mazowiecki become prime minister. The latest project of the brothers is the talks on restructuring the government, which are, they contend, authorized by the prime minister, whereas the government spokesman, Gugulski, denies it. Lech Kaczynski has recently been elected by the Sejm to head the Supreme Chamber of Control. Yet in the polls on the popularity of politicians Jaroslaw ranks at the bottom while Lech is not even mentioned.

Why Are They So Unpopular?

[Lech Kaczynski] I don't know. Perhaps because the public dislikes to see brothers in politics, or perhaps because a very sharp campaign has been waged against us. Many people felt threatened. In addition there is a certain myth of dangers for which we are supposedly responsible. More than once our clout has been overestimated.

[Jaroslaw Kaczynski] The causes stem from a concentrated attack on us, properly speaking ever since the beginning of our political career. Another reason is the mistakes made. And the third reason is that we do not fit the stereotype of the politician, beginning with our physique and ending with our manners.

The twins have become public figures only since 1989. Lech has a Ph.D. degree in labor law. He is married, with a daughter. Jaroslaw, a benedict, is a doctor of jurisprudence. They had been rank-and-file members of the pre-August [1980] opposition; in 1980 Jaroslaw became the head of the legal section at the Public Opinion Survey Center under the Mazowsze Region of Solidarity, while Lech became an adviser to the strike committee at the Gdansk shipyard. After being released from internment Lech became a member of the Temporary Coordinating Committee of NSZZ Solidarity. Jaroslaw became a member of the Helsinki Committee and, several years later, the head of the Sociopolitical Office of the Temporary Coordinating Committee. They both took part in the strikes of 1988, became members of the Citizens' Committee under Lech Walesa, and took part in the roundtable. In April 1989 Lech became a member of the Presidium of the KKW [National Executive Committee] of NSZZ Solidarity. Nevertheless, once their names began to become known, the press wondered "whence did these Kaczynskis come?"

Why the Kaczynskis?

[Jaroslaw Kaczynski] First, it seems to me that we had a feeling for when the time is right to act, in contrast to the

politicians who were some 20 years our seniors, those of the generation of 1956. Then also we happened to be kind of lucky.

First Mission: The United Peasant-Democratic-Citizens Parliamentary Club Coalition

[Jaroslaw Kaczynski] The fact that it was precisely I and my brother who were entrusted with the government mission in the summer of 1989 was due to consistent maneuvering and, let me admit, even some manipulation, on our part. That was the first time when a highly important matter was not entrusted to Mazowiecki or Geremek.

[Lech Kaczynski] Here it was my brother who contributed the most. The principal reason why Walesa had entrusted that mission to us was his—and our—belief that work was also underway on a different coalition, on an alliance between Solidarity and the so-called pro-reform forces within the PZPR [Polish United Workers Party, dissolved 28 January 1990].

Mazowiecki For the Prime Ministership

[Lech Kaczynski] This was a consequence of that mission. I thought that a Mazowiecki government would alleviate the frictions between the presidium of NSZZ Solidarity and the presidium of the OKP [Citizens Parliamentary Club], that it would be based on individuals representing both these groups. But the prime minister opted for a somewhat different road, that of establishing a separate grouping.

[Jaroslaw Kaczynski] Mazowiecki pursued a policy with which I was not in agreement in many respects, but there had been no other acceptable candidate for the prime ministership, unless it were to be a politician who would directly cooperate with the Communists.

The Center Accord

[Lech Kaczynski] It was established by my brother, although we conceived it jointly. We had believed that if a single big party were to be formed on the basis of the Solidarity movement, it would absolutely dominate the political scene. Our idea has so far been both a success and a failure. It was a success, because Center Accord thus entered the political scene and a different concept was not translated into reality. But it was a failure as well, because we had thought that we were establishing one of the two largest groupings in Poland. We had thought that with the establishment of ROAD [Citizens Movement-Democratic Action] we would have Lech Walesa's support for such a bipolar division of the political scene. But the scene became more diversified and it turned out that we did not get that support.

Walesa For President

[Lech Kaczynski] I believe that Walesa would have become president with or without the Kaczynskis. We knew that Lech Walesa is an ambitious politician and, as

a frustrated politician and the leader of NSZZ Solidarity, he might prove to be a destructive force.

[Jaroslaw Kaczynski] I did not know Walesa as well as my brother did. Nevertheless, it was perfectly obvious to me that he was going to reach for supreme power. And that would happen either as we were proposing, with all the concomitant "safeguards," or at the head of a rebellion. I believe that, generally speaking, the outcome was worth it. We began to act in that direction long before Walesa's decision to become a candidate for the presidency. We also pursued such side advantages as greater strength of Center Accord—something that Walesa soon ceased to like.

Jan Olszewski Becomes Prime Minister

[Jaroslaw Kaczynski] That was undoubtedly our most difficult project, and we felt that we were burning various bridges behind us and taking a big risk.

[Lech Kaczynski] Following an arduous struggle, success was scored. Olszewski's candidacy was the sole acceptable one. As known, our actions in this connection caused us to become somewhat unpopular among the public. My brother's candidacy was hardly realistic, especially considering that the president supported the candidacy of Jan Krzysztof Bielecki, and this made my brother look like he was differing with the president and wanted the prime ministership in order to spite him.

The Next Project?

[Jaroslaw Kaczynski] We consider the principal objective at present to be the restructuring of the government. My brother has become the head of the Supreme Chamber of Control, and this precludes him from the negotiations.

Their Personal Political Ambitions

[Lech Kaczynski] In that respect I am flexible. To put it briefly, it depends with whom. Should the government be headed by a person whom I consider to be worthier than myself, I would be inclined to also accept a more modest post.

[Jaroslaw Kaczynski] I believe that at one time, in 1990, I could have been the candidate for the prime ministership instead of Olszewski. I am a politician and I do not claim that I would always reject such a proposal. I am also considering a political career that would not be linked at all to a position in the government. I have no special feeling for such a position. Neither now nor in the foreseeable future do I expect a chance to become the prime minister.

Lech in the Shadow of Jaroslaw?

[Lech Kaczynski] No, above all there are not and shall not exist any such problems between us. One has to have a twin brother in order to understand this. But at the same time it should be borne in mind that for many years Jaroslaw used to be my shadow, at a time when we were

not yet widely known. I believe that my brother is a more talented politician than I and one ready to take risks. It is obvious that it is he who is, so to speak, the first of the Kaczynskis.

[Jaroslaw Kaczynski] I believe that my brother is more capable than I. His memory is simply extraordinary. Lech is certainly a much better negotiator than I. His career within Solidarity was based on these abilities. But as for me, I have a bigger feeling for personal contact.

Steady Decline in Population Growth Noted

92P20178A Czestochowa NIEDZIELA in Polish No 6, 9 Feb 92 p 8

[Text] According to the Central Office of Statistics [GUS], there has been a systematic decrease in the natural population growth in Poland during the last decade. In 1991 it was barely 0.3 percent, meaning that over the course of one year the population increased by only 112,000. This constitutes the lowest net population growth in the entire post-World War II period. Poland may be faced with the dramatic phenomenon of the aging of the population in certain geographic areas.

Deputy Defense Minister Supports Strzelec Group

92P20178B Warsaw PRZEGLAD TYGODNIOWY in Polish No 10, 8 Mar 92 p 2

[Text] The First National Congress of Delegates of the rifle club Sztrelec, a social and training organization founded in 1990 (describing itself as a Christian and apolitical organization), met in Warsaw. Deputy Minister of Defense, Romuald Szeremietiew, who was present at the Congress, assured the delegates that "we want to have among the younger generation the largest possible number of people who understand the idea and aim of the existence of a national army." Szeremietiew promised Strzelec many-sided support.

Editor Discusses Plans for Conservative Daily

92EP0249A Warsaw KULISY EXPRESS WIECZORNY in Polish 21, 22, 23 Feb 92 p 5

[Interview with Piotr Wierzbicki, editor in chief of the daily NOWY SWIAT, by Andrzej Urbanski and Marta Stokfisz; place and date not given: "NOWY SWIAT Offstage"]

[Text] [KULISY EXPRESS WIECZORNY] Was it the homo politicus dormant in you who decided in favor of your becoming the head of NOWY SWIAT, and if so to what extent?

[Wierzbicki] I had no doubt about the distressing absence of a voice of the silent majority of Poles lacking access to the press, radio, and television, about the need for a daily newspaper of its own. When that idea was conceived, I had intended to remain a mere adviser. But it soon turned out that if I am to be responsible for this daily, I have to be its editor in chief. There was another

reason as well: my awareness that my creating this newspaper would mean that it would be an independent one. I have friends in various groupings to the right of the Catholic left. I am on friendly terms with Jaroslaw Kaczynski of Center Accord and I had been for years associated with GLOS [publishing house], allied with the ZChN [Christian-National Union], which used to publish my books. I am friends with Stefan Niesiolowski and with Liberals such as J. Korwin-Mikke. I defended Moculski when he was being attacked by some KOR [Committee for the Defense of Workers] members. I had no doubt that NOWY SWIAT would associate people of different views and that I would remain independent of any of these views, including the Belweder's view.

The Silent Majority

[KULISY EXPRESS WIECZORNY] Let us define more closely the concept of the "silent majority"—your readership.

[Wierzbicki] The Warsaw press market is strange, to say the least. TRYBUNA, SZTANDAR MLODYCH, and KURIER POLSKI are postcommunist newspapers, while GAZETA WYBORCZA is openly a periodical of the secular-Catholic left, as is ZYCIE WARSZAWY. (In the Presidential election both the latter newspapers supported Mazowiecki.) EXPRESS WIECZORNY, which is linked to Center Accord, is an afternoon daily. Its chances are limited in comparison with the large-circulation morning GAZETA WYBORCZA, which is moreover identified with the Solidarity tradition.

And who is ruling television? So many months have elapsed since the Mazowiecki administration, but NOWY SWIAT still is not admitted to the main newscast discussing the event of the week.

[KULISY EXPRESS WIECZORNY] And the conclusion?

[Wierzbicki] The silent majority are the Poles who have not had a newspaper reflecting their views, who are not represented in radio and television, whose views are rather Roman Catholic, who adhere to national rather than cosmopolitan traditions, who tended to vote for Walesa, and who are likely to prefer Primate Glemp to Adam Michnik. They are not seen in the mass media because these are in the hands of a minority.

[KULISY EXPRESS WIECZORNY] As you see it, an independent newspaper is one free of political influence, is not it?

[Wierzbicki] We maintain a balanced view. We are not under the influence of any one political party. A newspaper reflecting the views of a single party has no chance for gaining broad readership.

On Traditional Values

[KULISY EXPRESS WIECZORNY] What does it mean to publish a rightist newspaper in 1992?

[Wierzbicki] I avoid the term "rightist." NOWY SWIAT is a moderately conservative periodical which respect the traditional values underlying the foundations of modern civilization.

[KULISY EXPRESS WIECZORNY] Specifically which values?

[Wierzbicki] Respect for private property, for the Polish Catholic Church, for the family, and for the army. I believe that disarmament is fine for the Swiss but not for us.

[KULISY EXPRESS WIECZORNY] To be moderate is to be conservative, lukewarm, is it not?

[Wierzbicki] Ours is a daily newspaper and we cannot afford acting like J. Korwin-Mikke who makes unrestrained statements in his periodical.

[KULISY EXPRESS WIECZORNY] Your personality also is influencing the character of NOWY SWIAT, is not it?

[Wierzbicki] Were NOWY SWIAT to reflect my personality, it would be an extremist newspaper! I instructed our reporters as follows: "You should not be writing in the style used by Wierzbicki in TYGODNIK SOLIDARNOSC."

[KULISY EXPRESS WIECZORNY] Why?

[Wierzbicki] The TYGODNIK had a category of readers, members of Solidarity who now chose our newspaper because they could not stand the others. I understood them, and they identified with me. NOWY SWIAT is read by all kinds of people, by our allies and enemies as well as by politically indifferent youth. I cannot insult these people or impose on them views which they either do not accept or do not understand.

[KULISY EXPRESS WIECZORNY] You thus do not intend to make NOWY SWIAT the newspaper of Piotr Wierzbicki.

[Wierzbicki] But yes, it is to be the newspaper of a transformed Piotr Wierzbicki who understands that the likes and dislikes of the public have to be respected in a daily newspaper. In Poland political culture is identified with moderation. Violent disputes and clashes are viewed as showing lack of culture. Such tastes could be disputed, but as a publisher I have to respect them. Perhaps this will hurt us in the short run, but in the long run it will pay off.

[KULISY EXPRESS WIECZORNY] I have the impression that our political ideas dating from the spring of 1990, when you wrote the article "The Family, the Entourage, the Court," have ceased to be relevant. The present situation is more complicated than we could have expected following the presidential and parliamentary elections. In this connection, how do you perceive Polish politics? What is awaiting us in the immediate future?

[Wierzbicki] Indeed, three years ago everything was simple: on one side there was Solidarity and on the other the Communists. During the presidential elections the situation was more difficult, because a choice had to be made between two of candidates of the same affiliation [Solidarity—Walesa and Mazowiecki]. Upon thinking it over and painfully accepting the fact that all people cannot be loved at the same time, some voters took the side of Mazowiecki and others that of Walesa. But now the problem is even more complicated. Feelings of chaos, dispersion, derailment predominate.

On the Price of Democracy

[KULISY EXPRESS WIECZORNY] That is the price of democracy, is it not?

[Wierzbicki] Our heroes, who had three years ago been in the same camp, and who during the elections found themselves in two opposed camps, are now quarreling in every possible combination: the president against the prime minister and against the leaders of his own camp; the prime minister, a Center Accord member, is being accused by major leaders of his own party of having forgotten that he belongs to it. All the Solidarity parties are mutually quarreling, etc., etc. People ask, "Did we fight under the banners of Solidarity in order to witness such a mess?"

[KULISY EXPRESS WIECZORNY] What does your newspaper conclude from all this? Is it going to bewail the situation or adopt a rational stance?

[Wierzbicki] I shall try to prompt the readers to view this reality differently. Throughout the world decent people, eminent politicians, are quarreling with each other. Something unites them but something more divides them. Such is politics. The West is used to it. But we have experienced the Solidarity period, unique in our region of the world. For 10 years the most valuable and courageous individuals had been friends instead of quarreling among themselves. Not just the Poles but the entire world wanted that idyll to last forever and Poland to become a paradise in which people would love each other.

[KULISY EXPRESS WIECZORNY] Because we Poles like idylls.

[Wierzbicki] What for? Democracy consists in that decent people each do their own thing. Conflicts are a normal occasion and should not be a reason for making our readers feel dejected.

On the Newspaper and Its Boss

[KULISY EXPRESSS WIECZORNY] What are the prospects of NOWY SWIAT now that it has been published for two months?

[Wierzbicki] NOWY SWIAT was to be a national newspaper but it started out as a Warsaw one, because we were dependent on its distribution by Ruch. It is only since the last two weeks that we have begun to reach

other regions. We are preparing an edition for the big cities as well as for the remote hinterlands. Our Radom edition will be delivered door to door, as is done the world over, instead of being distributed by Ruch. In three months we shall know whether the Poles want our newspaper. But first we got to deliver it to them, and that is a monstrously difficult task.

[KULISY EXPRESS WIECZORNY] How do you like your new role?

[Wierzbicki] My lifestyle has been totally upset. I used to be a free man. I worked at home and went out for a walk twice daily. I was busy with my 14-year-old son. I avoided contacts with strangers. But now I have been thrown into deep water, into another world. This is a shock to me.

[KULISY EXPRESS WIECZORNY] But you finally have a feeling of power. Is not it pleasant?

[Wierzbicki] I have learned much about people. This is my second big experience in this field since the time when I used to be a teacher. I am now again playing the role of the leader of a group. That is why I now better understand the individuals who bear responsibility and take decisions. On a microscopic scale I am living through the same problems, which are being experienced on a big scale by presidents, shahs, dictators. The observation of human nature is now most fascinating to me.

Olechowski, London Club Plan Further Negotiations

AU1703163392 Warsaw ZYCIE WARSZAWY in Polish
11 Mar 92 p 1

[Report by M. F.: "Negotiations With London Club Expected"]

[Excerpt] Finance Minister Andrzej Olechowski met with Jeff Stockley, chairman of a working group set up by commercial banks and known as the London Club. The club represents several hundred private banks that Poland owes \$11.4 billion, of which \$1.8 billion is interest. The last round of formal negotiations on reducing and restructuring these debts was held in June 1991.

It was agreed during the meeting that negotiations would resume once the Sejm has approved the draft budget and Poland has concluded an agreement with the IMF.

The Sejm's rejection of the government's economic policy principles has aroused some concern on the part of our Western partners, but at the meeting Olechowski stressed that this does not mean that the rejection of the draft budget is a foregone conclusion.

The future course of negotiations was outlined during the talks. Olechowski said that he would personally head the Polish delegation in negotiations with the London Club. Both sides were in agreement with regard to the following:

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- Commercial banks have an important role to play in the creation of a market economy in Poland.
- The success of the reforms depends, among other things, on the involvement of banks and private investors.
- A condition for effective negotiations between Poland and the London Club is approval of the state budget by the Sejm.
- Once the Sejm has approved the budget, Poland's talks with the IMF will be finalized.

One of the main reasons for the difficulties that arose during last year's negotiations with the London Club was our request that reductions should apply to interest as well as capital. The Polish side is still requesting reductions in this form, but foresees a smaller reduction in interest.

Concerning the capital that is owed, the Polish side intends to buy a sizable part of the debt (between one-third and one half of the amount) at current prices on the secondary market (trading between creditors). The debt is currently selling for 17 cents on the dollar. Last year, when it was expected that an agreement would be reached between Poland and the London Club, the price rose to about 30 cents. [passage omitted]

FSN May Propose Former Minister for Presidency

AU1703092092 Bucharest ROMANIA LIBERA
in Romanian 12 Mar 92 p 1

[Report by Andrei Badin: "A Presidential Candidate"]

[Text] Interior Minister Victor Babiu and Adrian Sevérin, head of the National Agency for Privatization, both vice presidents of the National Salvation Front [FSN], have recently contacted several cultural personalities to find an FSN presidential candidate, a person close to the FSN leadership, according to ARPress. The source noted that Petre Roman, the FSN national leader, is almost convinced that he would not stand a chance in a presidential struggle with Ion Iliescu. Likewise, the quoted source noted that the most circulated names among the top FSN members were the names of the former minister of culture, Andrei Plesu, and of the leader of the Popular Christian Democratic Front of Bessarabia, Mircea Druc. Druc, former prime minister of Moldova, is currently living in Bucharest in the apartment that formerly belonged to Mr. Roman's mother. The source could not tell whether Mr. Druc and Mr. Plesu have already been contacted or whether they have accepted the FSN's proposal. Nevertheless, it noted that the FSN wants to propose a candidate as an alternative to Mr. Ion Iliescu, the current president, and an alternative to the candidate of the Democratic Convention.

Campeanu's Call for Monarchy Referendum Criticized

92BA0620A Bucharest DIMINEATA in Romanian
25 Feb 92 pp 1, 3

[Article by Florin Radulescu-Botica: "The Crown of Political Instability Is Always Made of Thorns"]

[Text] Fortified by the electoral rise of the Democratic Convention to which he belongs (albeit a success anchored in only a few major urban centers, because, as is known, city dwellers are better at bending under the political winds), Mr. Radu Campeanu has unexpectedly decided to blow into the embers of a long-dead fire. We confess hand on heart that we do not believe in the chances of success of this enterprise, even though it is being staged by a leader whose strategic and tactical skills are undisputable. Of course, one journalist's viewpoint will not deter Mr. Campeanu from pursuing his intentions. The thing is natural in the current situation in our country, when everything is possible, such as pouring oil over the word "fire" and getting a genuine conflagration out of it, much to everyone's surprise.

Thus, at a press conference designed to put the spotlight on the importance of the "liberals' participation in the government" (the laurel leaf crowns are difficult, if not impossible to dissociate from the FSN [National Salvation Front] team members, especially in the context of the malignant developments in the socioeconomic situation), the PNL [National Liberal Party] leader reopened

a file that we had long since and forever thought relegated to the archives. It would seem, however, that the liberal movement, itself distressed by the shock therapy, has arrogated a new attribute: that of rising anyway and any time against anyone and anything. That unfortunately risks casting a shadow over the escutcheon of the widely accepted world ideas that this doctrine promotes. But let us pinpoint the matter. Mr. Campeanu wants the legislative elections to be held in the period set ever since the installation of the Stolojan government (a rescue political compromise compared to the "digging machinery" that was punching holes in the foundation of the state power). So far so good. But our consensus with the senator's idea did not outlive the first...sentence of his declaration. Tossing the glove for some confrontations that we anticipate will be extremely virulent, Mr. Campeanu then spoke in favor of the idea of separating the presidential election from the legislative one and spacing them out at a two or three month interval. In his opinion (is it shared by all the liberals?) the reason was the distortion that the two elections held simultaneously can cause regarding the voters' choices. In fact, the reason is the danger presented by the charisma of a certain candidate for the Controceni Palace [presidential palace], designated by certain political forces, for the other parties, whose candidates do not possess equally seductive powers. Thus, the PNL leader gave us to understand that persons, rather than doctrines, will confront each other, in view of the fact that the electoral race up the Metropolei Hill toward the coveted senate and deputy seats will be corrupted from the start. As we see, the possibility of independent candidates was not considered, unless it was suspected that the odds will not be in their favor. Mr. Campeanu's play was slightly perfidious. That is something we can fully grasp once we realize who is the charismatic personage that the senator fears. Theoretically, Mr. Nicolae Manolescu, who was the first to announce his wish to get hold of the key to the presidential office, may also be involved, should the Democratic Convention dissolve (although such a shift would suit the FSN to a T!). In that case, of course, the PNL will anoint its chosen for the primary function in the state. That will more than certainly be Mr. Radu Campeanu himself. Is it possible that the PNL leader may be afraid of Mr. Ion Ratiu's charm, which has been rising in opinion polls? (According to the Marketing and Polling Institute, the former chairman of the World Union of Free Romanians came in at 28.9 percent in January, compared to 28.4 percent in December 1991, which is a 0.5 percent gain, surely not insignificant.) The strings of politics can be truly maddening! Who, who is it that Mr. Campeanu fears? We are convinced that if he were answering us, he would pin us under the fire of an impeccable rhetoric and say: This is not a matter of a given person, but of safeguarding a democratic principle. Except that we are convinced that the principle in question undoubtedly bears the name of Mr. Ion Iliescu (although the Romanian president has not yet announced his intention to run). Mr. Campeanu, however, is a man of indubitable political skills. As such, he can guess from what side the risk of defeat will come, and

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he is playing with an eye to the future. Mr. Iliescu's popular support is indeed impressive. Hence, the matter is simple: His great chances and those of the party (or alliance?) which will support him must be neutralized by an unfavorable electoral context.

But the anticharisma strategy does not stop there. With his unequaled tenacity, Mr. Campeanu now wants the rivers to flow backwards. It is urgently necessary, he stated, that the nation decide by referendum whether it wants a republic or a monarchy (?!). Never mind that Romania, Europe, and the whole world know that the file on that dilemma has been forever closed. Not just anyhow, but by referendum! The senator, however, wants us to start all over again. That is indeed an amazing viewpoint, considering that in 1990 he ran for president, thus unequivocally demonstrating his republican persuasion. So why this radical change of position, which may confuse even his own party members who at the time fully supported their leader in the presidential race? That in fact constituted another rejection of the restoration of the monarchy.

To sum up, first we have the local elections—two rounds of them in some places—then the legislative election, then the referendum, and finally, once more to the ballot box to elect a president. We might as well take bag and baggage and move to the voting centers! No question of leave, because, lazy and apathetic, un-European, we are not about to stay away from the repeated electoral campaigns. The continent will look speechless upon such democratic zeal and its banks, bursting with dollars and goodwill, will open up multiple lines of credit for us to procure voting ballots, ballot boxes, fabric for the voting booths, stamps, statistical forms, etc., etc. Securing foreign observers may be more difficult, as they may want to do something other than watch us—winter, spring, summer, fall—at our interminable electoral exercises. And without observers there will undoubtedly be fraud, and thus, slowly, slowly, we will have to start all over again....

But after all the situation can be simplified. Positioned between the legislative and the presidential elections, the referendum in question sports the crown of a skillful political maneuver, equally directed at the charisma that Mr. Campeanu fears. Because willy-nilly, while we again ask ourselves whether we want a king or a republic, it will already be early fall. By which time the crisis would have undoubtedly worsened. If the FSN will still hold the parliamentary majority, all the worse for it; if the majority and minority positions will be reversed, the newcomers will wield the easy excuse of being new at it and the formidable weapon of a difficult legacy. A legacy that will be imputed to Mr. Ion Iliescu, too, should he want to run again in the presidential race.

That, more or less, was the meaning of Mr. Radu Campeanu's surprising proposals, the invisible segment of the iceberg. Remains to be seen how the other electoral ships will maneuver in relation to this liberal lighthouse, what flags they will fly and what captains and

routes they will choose. The main question, of which the PNL leader did not speak, was, however...the ocean itself. The ocean of voters, of course, which carries all the political vessels on its back, and which may sink them, toss them on the shore, or irresistibly propel them to the haven of victory.

Legality of Democratic Convention Challenged

*92BA0562A Bucharest DIMINEATA in Romanian
18 Feb 92 pp 1, 5*

[Article by Adrian Paunescu: "The Democratic Convention Is Illegal!"]

[Text] The DIMINEATA newspaper has offered me a weekly column; other papers have also offered me the chance of writing regularly for them. With the exception of a sports column in SPORT STAR, I have accepted no such arrangement, because at the present time journalism is really my entire life. I agree to die each week in my and my son's publication, TOTUSI IUBIREA. To be honest, I have surprised myself with my reaction to the offer of Mr. Ichim and Mr. Rotica. Why do I join them in a paper that has never seen fit to support me, not even once, as Florin Diaconu did in the paper AZI in 1990. I am surprised at myself for doing it. And yet, my impulse toward the left at a time in which so many intellectuals have discovered how profitable it is to move to the right (and to enjoy grants for yourself and your children in a West that is too far to the right), causes me to curb even the liberal roots of my people, to which I will return when the political struggle will not be to eliminate, but rather to create a nation. I am pleased to enter this space in DIMINEATA, to enliven it, to heighten its appeal, to make it more credible. I greet all my colleagues and bear them no grudge for letting me be reborn alone. It's better this way. And what do I see on this first sunrise?

I see that no one has examined the documents, and that the legality and legitimacy of the organizations registered in the electoral battle was based on influence and connections. Article 6 of the 1979 Local Election Law No. 79 stipulates that candidacies are filed by legally constituted political organizations, parties, unions, and associations. Please note the words "legally constituted." Let us also look at the 1924 law, the law of 6 February 1924, on the basis of which the parties were registered, and which in Article 3 provides that nonprofit or special interest associations and societies can be declared legal entities only by a supported decision from the civil court of the district in which they are established. This decision can be issued only upon request from the interested parties:

- a) After approval has been requested from the ministry which has jurisdiction over the purpose of the association or society.
- b) After public hearing of the ministry's conclusions, and determination that the statutes or bylaws, the composition of the directing and administrative bodies, and other conditions, do not violate the provisions of this law.

The interested parties, the appropriate ministry, and the representative of the public ministry have the right to appeal in accordance with Article 90.

Article 102

Two or more legal entities can form a union or federation. These unions or federations can be declared legal entities only by the Court of Appeal of the district in which the union or federation will have its seat.

Request for approval from the superior commission of legal entities is mandatory in all cases. Legal entity status can be granted only if the need for the union or federalization is determined necessary in order to achieve the general objectives being sought.

Article 103

The procedure for being declared a legal entity is stipulated in Article 3 of that law. In their request to be recognized, the representatives of the union or federation must record and indicate the number, name, and address of the legal entity they are forming, as well as copies of the decisions that declare each legal entity.

Surprise, consternation, dancing, enthusiasm, madness! Godspeed dear sir, good day to you Mr. Manolescu, and the same to your fine lady! And how is dear Mr. Zaharie? You are big shots, Gentlemen, you are European, you preach the law, but you forgot one thing: You are not legal. You did not register the convention. The voters will give you their votes, believe me. But you are not legally constituted. You liked it when you took the Socialist Labor Party out of the race on just such a technicality? You enjoyed it, didn't you? Well, now it's our turn to report to the proper authorities the illegality of the Democratic Convention. The scam is transparent, but we don't know who is pulling it. Otherwise how could UDMR [Democratic Union of Hungarians in Romania] for instance, be in the Convention, when it also wants to leave the Convention when it pleases? This is just an example, to show that everything was considered in forming the Democratic Convention, except the law. And the Law clearly says that candidacies can be filed only by legally constituted political organizations, parties, unions, and associations. Is the Democratic Convention legally constituted? Justice must have its say. If the Democratic Convention is legally constituted, it cannot be broken up on some occasions, and rebuilt when needed. Why did some parties run alone, under their own name in some localities, as well as under the name of the convention? Either it is or it isn't a convention. We therefore petition, in accordance with Articles 102 and 103 of the Law of 6 February 1924, to be shown the decision that declares the convention to be a legal entity. Because after all, those who want to lead a country, and for good reason are very particular about the legality of others, must first demonstrate themselves a total and active respect for the law and for the people in which they want to instill respect for the existing law, and a longing for the new law. What does Parliament

have to say? How about the courts? Surprise, consternation, dancing, enthusiasm, lawlessness. What did you do there Nicolae, dear sir? Did the key break in the lock? Do we have to use our shoulders again?

Moldovan Ambassador on Conflict in Transdnistria

AU1603204892 Bucharest *DIMINEATA* in Romanian
11 Mar 92 pp 1, 5

[Interview with Aurel Danila, ambassador of the Republic of Moldova to Romania, by Irina Fabian in Bucharest; date not given: "One Cannot Subjugate a Nation Through Treaties"]

[Text] In the past few days, an alarming escalation of violence due to the actions of Russian-speaking separatists, who began with provocations and armed attacks that resulted in several deaths and injured people in Dubasari [Dubossary] and Tiraspol, was registered on the left bank of the Dniester River. News agencies have sent a flow of information that provoked a legitimate and definite concern and disapproval among people in Romania and the Republic of Moldova—an independent and sovereign state, which was recently admitted as a member of the big family of the United Nations. It is virtually the target of aggression started by forces that do not hide their imperial-communist nostalgia.

Out of a wish to present the readers of our newspaper with the position that the authorities of Chisinau adopted in connection with the events that took place on the banks of the Dniester, we have turned to Mr. Aurel Danila, ambassador of the Republic of Moldova in Bucharest, who was kind enough to answer a few questions in his modest office. The office, for the moment, houses the diplomatic representation of the young independent state that is situated between the Prut and the Dniester Rivers. A bust of Voivode Stefan cel Mare [Stephen the Great] is not missing from this office.

[Fabian] Mr. Ambassador, at the time of the proclamation of the Dniestrian Republic, our newspaper drew attention to the danger that this event poses for the Republic of Moldova and for the former USSR. A brief review of the events, from this point of view, would be of great interest.

[Danila] The danger was not so great for the former USSR as for Moldova, even if the proclamation of this so-called Dniestrian Republic had represented a step forward toward the dismantlement of the union. Unfortunately the danger is just as big today as it was then. Then, the danger stemmed from the fact that the assistance that the separatists were getting from Russia, and not so much from Russia as from the pro-Russian forces, made possible the arrival of all kind of mercenaries and cossacks. You could not say that they come from a separate country and you could not send them home because you did not know where their home was. Now, one can talk differently, at a state level, and this is precisely what Mr. Snegur is doing.

ROMANIA

[Fabian] The beginning of March was a bloody period for the Romanians on the left bank of the Dniester. Could you explain to our readers what is behind these events in Dubasari and in other localities?

[Danila] I believe that those who provoke disorder in Transdniestria and especially in Dubasari are only some mercenaries. They can be divided into two categories: those who do not realize what they are doing and others who know very well what they are doing, trying to destroy a country and a nation and get money for it. It is another matter that those mercenaries are serving some people who know precisely what they want. And while these cossacks, who, as a matter of fact are not recognized by the rest of the cossacks, are not acting for political reasons and are pleased just to receive money, those who command them have clear-cut goals and know very well what they are doing. In order to justify the presence of cossacks in Moldova they even reached a stage when they are told that here there were once cossack lands, and even the cossacks' homeland.

Nothing of what is currently happening is accidental. Every time Mr. Snegur leaves the country something happens, and when he returns home, things always settle down somehow.

[Fabian] Do you believe that the support the separatists are receiving might lead to the increase of violence?

[Danila] It would have been much more dangerous if they had been supported by the 14th Army. Former commander Yakovlev was supporting the separatists in Tiraspol. Since the current commander did not get involved in these matters, the Tiraspol "authorities" resorted to the services of cossack mercenaries. There are various interests here. Those who proclaimed the so-called Dniestrian Republic want to get hold of a land that is not theirs and start provocations in order to open a conflict, which, they believe, will result in Transdniestria becoming independent. The situation is now more troubled than ever because the Romanians on the left bank of the Prut River also have started to oppose the separatists. A real resistance movement broke out because the Romanians realized that they could not be subjugated through decrees of the Transdniestrian "authorities."

[Fabian] After the aforementioned events, Moscow, instead of condemning them severely, has declared that it would be interested in solving the conflict. Do we understand that the separatists are already benefiting from the Kremlin's support or do they simply hope to get it? What would be the arguments? Might they be of an economic nature (I am referring to the fact that some economic objectives of unionwide importance are to be found precisely in the area troubled by events) or of a political nature?

[Danila] It is very difficult to state with precision who is supporting the separatists. I do not believe that the conflict is based on economic goals, especially considering the fact that an independent Transdniestria cannot resist economically because its economy is connected

with Moldova's economy. I believe that its major goal is to receive international recognition....

[Fabian] Thank you.

[Danila] In conclusion I would like to add that in order to get to know the situation, it would be better if the press did not get inspiration from what is heard in the street. Moldova's problems are important and they should be treated accordingly, that is, seriously and in accordance with the truth.

Firing of Writers Prompts 'Jos Ratiu' Reaction

*92BA0574B Bucharest "22" in Romanian 15-21 Feb 92
p 4*

[Article by Dan Pavel: "How Ion Ratiu Compromised Ion Ratiu"]

[Text] It is strange to see how utterly our politicians fail to understand the psychology of the Romanian electorate, or at least that of a certain stratum of the electorate, that with a higher level of culture and responsibility: the readers of books. It is difficult to imagine what was on Mr. Ion Ratiu's mind when he signed the ouster of Messrs. Stefan Agopian, Florin Iaru, and Nicolae Prelipceanu on grounds of "financial difficulties" at the COTIDIANUL (which, like all the other self-dubbed dailies, is not even a daily, because by definition a newspaper thus called appears every day of the week, including Saturday and Sunday). For reasons of solidarity with Mr. Ratiu's financial difficulties, Mr. Cristian Teodorescu also resigned (I don't understand why all the writers employed at COTIDIANUL have not yet resigned). All four were heads of key desks at the semidaily COTIDIANUL. It would seem that at the origin of the firing of the four were the pressures applied on Mr. Ratiu by a certain Doina Basca, who was hired as an editor. Mr. Ion Ratiu is (perhaps unwittingly) playing into the hands of the Securitate, not to mention the fact that he is tolerating a slew of incompetents at the newspaper, infiltrated by the same organization. The game plan is simple: By firing the four, he incurs the displeasure of an enormous number of voters, namely the readership of the four. And thus Mr. Ratiu's popularity and prestige are lowered, affecting those who would have voted for him. And also affecting those who stood to gain by the election of a person with democratic beliefs.

What Mr. Ratiu probably does not know is that Stefan Agopian, Florin Iaru, Nicolae Prelipceanu, and Cristian Teodorescu are well-known writers. And by not knowing that, he verifies the opinion of those who accuse him of not being familiar with the country's realities, let alone the fact that he does not read contemporary Romanian literature. Their place in the history of Romanian literature is much more important and is of a longer-term importance than Mr. Ratiu's place in the domestic politics. Any one of them can boast more readers of their books than Mr. Ratiu has voters. The four are among the assets of our literary life, and their appearance in

COTIDIANUL was absolutely noteworthy. Their fame was laboriously won in the past 20 years or so, against the services of the secret police and the censorship that mutilated their books and articles, without however being able to prevent their establishment as authentic talents, and they are now competent, professional journalists. The presence of Mrs. Basca at COTIDIANUL in the past few months (a dilettante who authored stupid, incoherent articles, most of which were mere rewrites of news items reported by international agencies) created a comical effect in the newspaper that in a way attracted sympathy. Now, however, after Mrs. Basca became aggressive and chased away the four, the effect is deplorable, even annoying, clashing as it does with the role of the geese in the story.

The truth is that one cannot stop an owner from exercising his cadres policy according to his preferences or the charms practiced on him. What is incomprehensible is what occurred afterward. In view of the fact that the story about the ouster being due to financial difficulties was ridiculous and obviously a pretext, the staff of ACADEMIA CATAVENCU wrote a satire about Mr. Ratiu, in which they calculated that the many millions of lei worth of deficit accumulated by the publication (at a loss) of the magazine COTIDIANUL (one of the expensive but easily understood ambitions of the owner, whose picture keeps appearing on the front page in a new personality cult), will be recovered out of the salaries of the four over a period of about 400 years. I forgot to point out that ACADEMIA CATAVENCU is printed by the printing office of COTIDIANUL. Some well-wisher from the ACADEMIA CATAVENCU office rushed to COTIDIANUL to herald the appearance of that small article. Mr. Ion Ratiu, the same one who wanted to be president of all the free Romanians, went down to the printing office and took out the article. I admit that the report may not be true. However, if it is true, then all of Mr. Ratiu's speeches about democracy are not worth the paper on which they are written. If such a thing did happen, then we want to join the chorus shouting "Jos Ratiu!" [Down with Ratiu]. In any event, in view of his attitude toward the Romanian writers, we will not stop shouting a wholehearted, sincere "Jos Ratiu!"

Doctor Rejects Psychiatric Prison Allegations
92BA0559A Bucharest DIMINEATA in Romanian
12 Feb 92 p 3

[Interview with Prof. Vasile Predescu, a psychiatrist, by D. Negrusa; place and date not given: "Although Any Comment Is Superfluous"]

[Text] [Negrusa] Professor, a Romanian psychiatrist, Dr. Valeriu Tuculescu, declared that there are 300 "prisoners of conscience" incarcerated in small hospital prisons in postrevolutionary Romania. What is your opinion?

[Predescu] It is shocking news, and it causes anxiety on the one hand and rumors on the other. That statement, unsupported by specific and objective arguments, is

aberrant, badly intended, antipsychiatric, antipatriotic and vile from the ethical-moral point of view and from that of elementary competence and dignity.

[Negrusa] What is your opinion about the paradox in London, where one psychiatrist, the very one who made the diagnosis of paranoid schizophrenia, and the second one, who had the respective patient interned and under treatment, could maintain that their patient is a political prisoner?

[Predescu] Any comment is superfluous. The contradiction leads you, by the shortest route, to duplicity, and duplicity.

[Negrusa] By duplicity do you mean the interview Dr. Tuculescu gave to the daily LIBERTATEA, in which he made an awkward attempt to deny any responsibility?

[Predescu] I have an opinion of my own about responsibility. If we are talking about individual responsibility and persons, I can only promote the attitude of intention and blaming one's own specialty and that of those who represent it in the country. But it is noteworthy that the one who took that attitude became irresponsible toward his own previous attitude and toward his own person.

[Negrusa] But what do you think of Dr. Tuculescu's leap in 1970 from the special section of Balaceanca Hospital to the ministry as chief of Romanian psychiatry?

[Predescu] I never considered him the chief of Romanian psychiatry, because he has neither the ability nor the competence nor the inclination. But the administrative function gave him that cover, and in that guise he managed to manipulate things to his advantage, by defaming and disparaging others either openly or indirectly.

[Negrusa] How do you explain the fact that Dr. V. Tuculescu maintains that he performed a great act of dissidence by making a report to his superior and then, two years later, he was punished by a transfer from the ministry to a polyclinic of a district?

[Predescu] Oh, the matter of the staff polyclinic, the transfer in the interest of the service, the raise in salary and other advantages. A strange punishment! He left the ministry because it no longer suited him and he went where he was successful. His statement about that "punishment" is a typical example of a demagogic declaration devoid of elementary ethics and without grounds in any plausible motivation. Transforming a promotion into a demotion is certainly too much.

[Negrusa] The attempt was made to make a case out of the content of Article 35 of Decree No. 313 of 1960 of Dr. Mirontov, now Tuculescu, who had all mental patients included in the former Decree No. 12 examined by a committee in order to decide whether or not to keep them under further medical care. What is your opinion of that?

[Predescu] A new attempt to obscure the truth. Actually that question was very favorable to the patient and I consider it humanitarian. Moreover the whole fabrication is automatically refuted by the chronology of the facts. The action was started at the beginning of June, and Dr. Mirontov "moved" it to August and linked it to a great political event that was actually an athletic one, namely the World University Games in 1980.

[Negrusa] It is maintained that the psychiatrists in all polyclinics were then asked to submit lists of the patients included in Decree No. 12 of 1965. Later on those patients were brought to Dr. Gh. Marinescu Hospital. With that story they tried to show that he (Dr. Mirontov) had discovered a great abuse.

[Predescu] The measures that were taken then were in favor of the patients, in order to determine whether they should remain in those categories, except for those who had committed crimes or particularly serious antisocial acts in their illnesses, and even those cases were reviewed. The measures were not taken in order to punish the patients but to protect them.

[Negrusa] Dr. Romita, another London "hero," who maintains that, "It has nothing to do with the row that was raised," wants to become an outstanding professor, although some bad mouths maintain that he has not written very many scientific works.

[Predescu] I have heard that for purposes of becoming a professor, scientific works have been a trifle for some time. He has not written such publications. He has published a few articles and some short chapters in a treatise on psychiatry, which he has compromised by those statements as your newspaper has already proved.

[Negrusa] Professor, Dr. Romila declares that he has many works that he is going to publish in five volumes, after he becomes a professor.

[Predescu] It is Marxist to make quantitative accumulations at first in order to prepare them later and quantify them in five qualitative volumes.

[Negrusa] As an old servitor of this noble specialty, what do you think of the strange progress made recently at the Dr. Gh. Marinescu Hospital? Dr. Romila states in the press that while in the past the patients were violated solely by the stretcher bearers, today they can benefit by that "service" on the part of bypassers as well. Is that a new method in psychiatry?

[Predescu] If anyone wants to try it, he can. It would be irresponsible for me to give advice.

[Negrusa] Dr. Romila performed his activity under your supervision for 20 years. Why does he hate J.J. Rousseau?

[Predescu] Because he brought up Emile on nature and he did not find his right nature in a central hospital. He can take care of it from now on.

[Negrusa] In the London affair three more or less Romanian psychiatrists presented mental patients as dissidents. Unfortunately they were your students. How bitter do you feel?

[Predescu] I would reply to that with something already famous: "You too, Brutus, my son..." A teacher's failures delight the malevolent, but they are apt to make him feel like a turner when he makes a reject.

[Negrusa] At present some "well-known person" is claiming to be the author of the mental health program that opened the way to clinical care in psychiatry which, we must acknowledge, is a very European idea.

[Predescu] I know Radea Cirtan, who went down to Paris this time! I don't know the person who is posing as the promoter, and if he claims to be shame on him!

It is a collective work, a Romanian psychiatric operation in stages, in which Professors Eduard Pamfil in Timisoara, Petre Branzeu of Iasi, Gheorghe Grecu of Targu Mures and still many others participated along with me.

[Negrusa] After a lifetime in which you have created 85 percent of psychiatry, have written two treatises on psychiatry, and have militated, despite strong opposition, for the development of clinical care in psychiatry, how have you been affected by the feeling of being the target of attacks as vile as they were unmerited?

[Predescu] At first my reaction was one of shock, and I felt that I had been placed in a light in which no one agreed, especially since it was undeserved. All that I had done in my life was not for money but for psychiatry. My second feeling was recuperative, to the effect that people realize that they have in [words missing] and I took the stand of a man who represents something. That did not preclude my sleepless nights, bad dreams, misgivings and worries, but perhaps they also sustained me. It was certainly not easy for me as a family man, but I never felt insecure. The soil of Romania made me certain that it was receiving my shadow with confidence.

[Negrusa] Professor, isn't it your impression that the whole brouhaha that occurred in psychiatry because of the suspicious maneuvers of a tiny group composed of APL [expansion not given] leaders produced more damage than clarification?

[Predescu] In the first place, those groundless allegations can undermine the confidence of the patients and their families in the integrity and competence of the medical corps and of psychiatrists especially. In the second place it undermines the receptiveness of the specialists and the patients' access to specialized medical care, impairing the formation of valid and efficient programs.

[Negrusa] From what we know, the press, in its pursuit of the sensational, has reported news of mental patients without specifying it properly, so that we could be witnessing tortures with trained vipers, cabinets with secret waves [dulapuri cu unde secrete], talking [word

[illegible] and other lies. What do you think of this invasion of the pathological in the mass media?

[Predescu] At this point one should begin with the elements of the normal and the pathological on the level of mental activity, something that can never be done by dilettantes, experts on anything and everything, who abound in our press and who, because of their superficiality and obvious incompetence, form opinions particularly about activities in which they do not know how to clarify them responsibly, since they are outside of any specifically defined medical specialty both in Romanian and on the world level. At the present time intelligent people realize that they know less and less about specialties that are more and more limited. Those who understand everything usually understand nothing.

[Negrusa] Professor, we may be wrong but we are still wondering why you did not answer the first antipsychiatric manifestations of this group and the first personal attacks upon some distinguished psychiatrists.

[Predescu] The very fact that I felt I was with the majority of men of good faith deterred me from entering into polemics with some pygmies of Romanian psychiatry. I considered it beneath my dignity. Perhaps I was wrong, but they did not gain in dignity either.

[Negrusa] To you psychiatry is a specialty with risks?

[Predescu] It has been and still is a specialty with many risks. I would not refer primarily to the physical risks (dangerousness), but to the psychiatrist's responsibility for the patient's psychosocial life and life in general and for promoting mental health, and that is a very far-reaching consideration about which we must do much more, and that will be possible when our clinical network is in place.

Measures To Promote Agricultural Production

92BA0558A Bucharest *DIMINEATA* in Romanian
12 Feb 92 p 2

[“Text” of Decision of the Romanian Government Regarding Measures To Intensify Spring Agricultural Work and To Implement the Land Fund Law]

[Text]

Article 1

Taking into consideration the situation created by the failure to complete this fall's agricultural efforts, measures of an exceptional nature established by the present decision are necessary in order to complete this spring's agricultural work, which is strictly necessary for assuring the population's 1992 requirements.

These measures are intended to lead to efficient use of agricultural land ownership, as well as to hasten the application of the Land Fund Law No. 18/1991 in accordance with the objectives of the reform.

Article 2

During the February-March 1992 period, specialists in general directorates for agriculture and food, as well as agricultural centers in communes, cities, and municipalities are responsible for the performance of spring agricultural work—land clearing, plowing, crop fertilization, and so on.

At the request of agricultural landowners, these specialists will advise and support the requestors in the performance of agricultural activities. At the same time, they will effectively monitor and support the supply of fuels, seeds, fertilizers, insecticides and fungicides, for the execution agricultural work.

County prefects will monitor and control the manner in which commercial companies that are capitalized fully or by state-majority, as well as independent state-managed agricultural companies in their counties, perform their work, and will take the measures necessary for available tractors and agricultural machinery to be fully utilized only for agricultural work, and for the allotted diesel fuel to be used rationally and for its proper purpose.

After completing the new administrative structures, the activities of specialists in agricultural centers will be integrated in local decentralized structures according to law.

Article 3

Private agricultural producers, as well as agricultural companies and associations of a private type, can commit themselves through their integrating units to expenses for the performance of mechanical tasks and for the acquisition of chemical fertilizers and pest control materials.

Commitment for the expenses stipulated in paragraph one are based on executable contracts.

When agricultural landowners do not conclude contracts under legal conditions, they are required to assure cultivation of the land at their own expense according to Land Fund Law No. 18/1991, respecting the optimum periods specific for the agricultural crops involved.

Article 4

Agricultural mechanical work, and if needed, services rendered, are paid by integrating units from their own funds and from bank credit advanced for that purpose, on the basis of quantitative and qualitative receipts for the services rendered, signed by the provider.

Article 5

For the supply of raw and other materials, spare parts, seeds, chemical fertilizers, pesticides, and fuels needed for agricultural mechanical work, commercial banking companies that are capitalized fully or state majority,

will advance credit to Agromec S.A. commercial companies and to other service providers according to law.

The credit advanced to integrating companies or agricultural producers for spring agricultural work will be repaid on the basis and under the conditions established in their contracts.

Article 6

Integrating units are authorized to advance to agricultural producers money amounts of up to 50 percent of the value of the contracted production, from their own funds or from credits received, without collecting interest.

The interest associated with credits contracted with banks will be included in the commission of integrating units.

Article 7

In order to finalize the ownership procedures of those entitled according to Land Fund Law No. 18/1991, and to establish their respective land allocations, until 15 March 1992, the county and the Bucharest Municipality councils formed to determine land ownership rights, together with general directorates for agriculture and food, will adopt measures to bring into this action all specialized personnel in agriculture and other categories of specialists, including retirees.

Article 8

Throughout the period of the spring agricultural work, the Ministry of Agriculture and Food, the Ministry of Industry, and the Ministry of Transportation will assure extended schedules for the personnel of units involved in this activity, including Saturdays and Sundays.

Article 9

The Ministry of Industry will assure distributions and deliveries of appropriate quantities of diesel fuel, chemical fertilizers, and pesticides at the levels stipulated in the appendices to the present decision.

Supply economic agents are required to deliver fully and on schedule the quantities of materials stipulated in paragraph 1, as distributed for agriculture and the food industry.

County prefects' offices will monitor daily the strict execution of these obligations and will immediately notify the Ministry of Industry of any delays or disregard of destination; penal prosecution organs will also be notified.

Article 10

Violation of the provisions of the present decision will result in material, disciplinary, or penal penalties against the guilty persons, depending on circumstances.

Article 11

The Ministry of Agriculture and Food, the Ministry of Industry, general directorates for agriculture and food, as well as local public administration authorities and the managements of integrating units, are responsible for the application of the measures established by the present decision.

Prime Minister Theodor Stolojan

([DIMINEATA] Editor's note: The decision carries the number 54/7, February 1992; it is countersigned by the Minister of Agriculture and Food, Petru Marculescu, and by the Minister of the Economy and Finances, George Marius Danilescu; it has four appendices that include the integrating units and their areas of activities, as well as the quantities of diesel fuel, chemical fertilizers, and pesticides established by the government for the spring agricultural campaign.)

Miners' Leader Cosma Interviewed on Mining Issues

*AU1203184792 Bucharest ROMANIA LIBERA
in Romanian 10 Mar 92 p 7*

[Interview with Miron Cosma, leader of the miners trade union, by Florin Mircea Corcoz; place and date not given: "Roman Wanted To Silence Me by Offering Me the Position of Vice President of the National Salvation Front"]

[Text] [Corcoz] Mr. Cosma, how many trade unions does the confederation you have just set up include?

[Cosma] From the very beginning, when this confederation was set up, I proposed a period for study, because we do not want to impose a certain statute on anyone. So far, the Mining Union Confederation of Romania incorporates the Jiu Valley Miners' Trade Union League, the Tigră Jiu Lignite League, and the Anina League of Banat. On 21 March [date of coming conference] we will see who else wants to join this confederation.

[Corcoz] Are there other trade unions eager to join you?

[Cosma] As a surprise, I have to confess something. Although, after the fourth miners' incursion, the Ministry of Transportation declared that the miners threatened locomotive mechanics with their knives to take them to Bucharest, the first federation that wanted to join us was the locomotive mechanics' federation....

[Corcoz] Well, but then what is its name and purpose? Will you change its name and alter its statute?

[Cosma] No, we want to demonstrate that the miners are not alone and I think that those who join us will agree that the name not be changed.

[Corcoz] And what is your procedure in connection with the negotiation on the collective labor contracts? Isn't

there, nevertheless, a difference between the status of miners and that of locomotive mechanics?

[Cosma] I have had a discussion in this respect with the vice president of the Locomotive Mechanics' Federation. They noted one thing, namely that from a legal point of view we are quite prepared, and they asked us to proceed along this line. Our confederation is active and wants to counterbalance the fact that the other confederations are not represented. For example, only a few thousand of their members representing 6 million people participated in the meeting in Bucharest, while last time alone I came to Bucharest with 10,000 people out of 50,000. Moreover, the miners were able to defend the executive power in June 1990, but they have also demonstrated that should it not honor its promises they can also topple it.

[Corcoz] Mr. Cosma, last week in Motru you said that the leader of the National Salvation Front [FSN], Mr. Petre Roman, offered you, among other things, the position of vice president of that formation. Could you provide some details?

[Cosma] Yes, it is true that Petre Roman offered me the position of FSN vice president immediately after the change of N.S. Dumitru. As a matter of fact, he had asked Claudiu Iordache, who had also been appointed vice president, to contact me in connection with that position. Obviously, I declined. I realized that this offer was made to separate me from the Jiu Valley miners. Then he also tried to offer me the post of prefect of Hunedoara County or even that of chief of a Romanian community in South Africa. All this, I repeat, to separate me from my miners.

[Corcoz] Did you receive such offers from Stolojan as well?

[Cosma] No. Neither Stolojan nor the other government officials made me such offers. When they realized that material incentives did not work, they tried moral pressure: Former Securitate automobiles pursued me. I was threatened. And as far as the traffic accident is concerned—in fact a banal accident that could happen to anyone—it has not been solved to this very date, because they are trying to find fault with me and to convict me. I am sure that if another person were involved, that case would be closed by now. It is almost eight months since that accident happened.

[Corcoz] Mr. Cosma, I think you are the one who can tell me whether there will be a fifth miners' incursion or whether a general strike is imminent in the Jiu Valley.

[Cosma] Everything depends on the way the miners' demands are understood. It has been proven that these miners are not absurd, they do not have absurd claims on the economy, while the former and current government have a destructive work style. I was talking about bureaucratic centralism. It still exists. The government report actually concerns the country's coal requirements. However, the Jiu Valley's part in this respect is just a

small one. They say we do not extract coal. Then how can one explain the fact that end users owe us 1.5 million lei? And another thing. During his governing period, Petre Roman's only intention was to acquire as much power as possible. The difference between him and Nicolae Ceausescu is just one of education. One has higher education, while the other completed only four primary school grades. Otherwise, they were equally vainglorious. Had he not felt guilty, he would have come to Jiu Valley. But he did not have the courage to do so. And the way to act against a leader of the miners is identical with that practiced by Ceausescu. You may recall that in 1977 that miners' leader, Dobre, was taken to "Stefan Gheorghiu" [Party Academy for Social and Political Training] to be silenced.

[Corcoz] Is the trade union you set up recently a political one? Do you want to create a trade union movement like Solidarity in Poland with you being the Romanian version of Walesa?

[Cosma] I have no right to occupy myself with politics if this affects people's interests. I am not dreaming of a government position. We do not interfere in the elections. Nevertheless, laws permit us to make "politics" in the interest of the people before making use of any other weapons for trade union struggle. We have this obligation according to our own statute. We abide by the law. I have the impression, however, that government officials are not familiar with the laws. They do not even know decisions issued by the government itself....

Finnish Reporters on Mood of Peasantry
*92BA0557A Helsinki HELSINGIN SANOMAT
in Finnish 30 Jan, 1 Feb 92*

[Parts 2 and 3 of an article in four installments by Vesa Santavuori: "Romania"]

[30 Jan p C 1]

[Text] Brasov/Iasi—The [parliament] bill for the privatization of agriculture in Romania is merely "propaganda aimed at the European Community," was the opinion expressed by Vasile Lupu, the Moldovan district leader of the Farmers Party, in his office in Iasi.

He is a big man. On that day he was dressed for work in a bulky white sweater, dark pants, and black riding boots. He reminded us of the first half of the century and the local gentleman farmers of the period—of what we had heard was sympathetic about them.

The office was immediately emptied for the surprise visitors. A couple of Iasi University professors and a half dozen other party activists came out of it. They were all eager to talk, but there was no time for lengthy chats since the leader wanted to get on with the interview right away.

In His Own Words

They began to serve coffee with lightning-like speed. And, even though there was an interpreter in the corridor, Vasile Lupu expounded his most important views himself in a heavily accented, but energetic English. He sharply criticized the current Romanian Government's program, which promises to distribute state-owned land to the people.

The official goal is to privatize "8 million hectares of farmland, in other words 82 percent of the nation's cultivable land area" (over three times Finland's total farmland acreage, excluding forest land). Over 6.3 million applications for land have already been filed, the government added.

This is political manna in the former communist state, in which people want to tear down the structures of a dictatorship that lasted for decades. In practice, this was supposed to mean the destruction of the state farms, whose production used to benefit the Communist Party, that is, Nicolae Ceausescu and his support groups.

However, the Farmers Party, which is in the opposition, is not spellbound by the promises of the present government. "With this propaganda they're fishing for the votes of those farm workers who don't have their own land," Vasile Lupu said.

According to him, they are now insidiously promoting a privatization policy in the villages that is aimed at maintaining the former communist farm system: The goal is "neokolkhozes."

People Get Land, but No Loans

This means that land is distributed to people, but they are not given loans to buy tractors and farm implements. In this way people are forced to join new farm collectives that lend them farm implements, but also rake in part of the profits and control them.

Not everyone advances so insidious a theory. "Maybe, (the government's) intentions are good, but the reform is being implemented hastily," the father of a family that eagerly wants to have its own farm said in the Brasov area.

He too complained about the difficulty of getting a loan and doubted whether countless small farms consisting of a few hectares could be good for Romania. This man dreamed of 500 hectares and "the world's top-level farming methods" with which he could increase his harvests tenfold.

To boot, he complained about the trouble created by bribery. We heard that in the days of the much-maligned dictator, Ceausescu, all one had to do was to bribe an important person. Today, one has to bribe a whole family and then someone else may appear on the scene who bribes them with more money and blocks a neighbor's plans.

Another problem that was mentioned was that land is now distributed to people who would like to farm it, but do not know how. In present-day Romania an experienced farmer is about 70 years old since decades of communism weeded small farm skills out of the bulk of the population.

In any case, "neokolkhozes" is today a dirty word here, just as "neocommunism" is. People shout them at current President Ion Iliescu and the biggest party, the National Salvation Front, who appeared on the scene as soon as Nicolae and Elena Ceausescu were killed in December 1989.

At first, citizens believed that really new people had assumed power. Their disappointment was great once it became apparent that many Front representatives are indeed former communists. Since the Front is being hauled over the coals for its neokolkhoz plans, the accusation cuts deeply.

"They gave me a measly hectare, but they gave the former city manager and others a whole lot more," a widow in a Moldavian village complained angrily.

"Stolen" Hectares

Feelings were much the same in a village called Cata near Brasov close to the Transylvanian Alps. Longing to regain his father's land, Iosif Cabas had gotten a few hectares back, but he said that they had "stolen" 2.4 hectares from him.

Friends urged him to file a new application with the Land Distribution Office. "After the elections, some other party may be processing applications," an opposition representative said shrewdly.

Gicu Palasan, 58, who lives in the same village, was also given land. He described the situation as being on the whole difficult, but he believed it would improve. He plans to continue to work at the nearby irrigation pipe plant and to farm as well as raise a few cows and pigs on the side.

Last year some of the villagers planted potatoes with little success. It rained too much that summer and the potatoes were small. When it rained too much in the fall too, they did not reap a harvest from the land. "It's a bad year for estimating how we'll manage from here on out," Gicu Palasan said. He said that the area is best suited for raising livestock.

[1 Feb p C 5]

[Text] Drinceni/Iasi, Moldavia—The Prut River splits Moldavia in two, winding between gentle hills in a southeasterly direction to the Black Sea. From the slopes on the Romanian side covered with vast vineyards, one can see far beyond the border to present-day Moldova, which belongs to the Commonwealth of Independent States (CIS).

It is Russia, of course, the Romanian Moldavians say, and reject the idea of a separate sister state in their neighbor's land.

Expressive Language

They spit the word, "Russia," out of their mouths in a way that is most reminiscent of the expression, "ryssa" [derogatory epithet for Russian], in Finland in past years. When our photographer scratched the name of the province, Karelia, in the snow in the village of Drinceni and divided it in two with a single stroke, the [local] people realized right away that we understood them.

"Our brothers and sisters live there (in Moldova)," Georgeta Mihalache, who has now reached the age of a grandmother, said. As long as Moldavia is divided into two parts, it will seem that "Mother Romania has lost its child," she specified, and added that "everyone here" wants the part of Moldavia that was lost back.

Animated Conversation

An animated conversation with other local residents conducted mainly in sign language on a village road confirmed her claim. They gestured in the direction of the border in a way that has to be interpreted as meaning exactly what Granny Georgeta said.

They want reunification, although it is not any more particularly difficult to cross the border nowadays. For Romanians, just an ID card is sufficient and the barriers are raised. "About 5,000 people a day cross this bridge," a Romanian major said at the border station located near Drinceni.

The soldiers appeared to be inspecting cars relatively superficially. However, since luggage compartment locks were opened, one cannot smuggle anything very big across the border.

The local residents told us that a lot of goods nevertheless get by the border stations by boat or otherwise at night across the Prut River.

It pays, for example, to bring television sets from Moldova to Romania, where people pay about 20 times as much for them.

Barbed-wire fences are not in evidence along the river bank. A few people were moving about on the ice near the border during the day too, of course, without carrying anything.

They Want Gold

There are people in Iasi too in whose opinion the division of Moldavia into two parts some 50 years ago was a wrong. Many Romanian politicians are of the same opinion.

"If we get into power, we'll demand that the land be returned immediately," they said firmly at the local headquarters of the National Farmers Party, which is in the opposition, in Iasi. This means that the party wants Moldavia to be reunified as part of "Greater Romania."

"Furthermore, Russia must return Moldavia's gold reserves, which amounted to \$50 billion," their demand continued.

The Farmers Party criticizes Romania's current president, Ion Iliescu, because he "goes to our neighbor country to merely ask" what is to be done instead of demanding that Moldova be returned. Reunification would bring Romania an abundance of additional good farmland and 4 million citizens in addition to its current 23 million.

Moldavia has come up as an election issue at the national level too. Even former Prime Minister Petre Roman, the leader of the party at present in power, the National Salvation Front, advocates Moldavian reunification—to be sure in moderate terms.

Romanian President Ion Iliescu, on the other hand, rejects reunification and is promoting a policy of "one people, two states." This means an attempt to make Romanian and Moldovan economic structures compatible with one another while the national borders are preserved.

Russian President Boris Yeltsin is said to have expressed the hope that, if Moldavia in part unites with Greater Romania, Romania should join the CIS.

It is hard to sell this idea to the people since independence per se is highly valued in Romania. As for the CIS, it is perceived as meaning Russia and the former Soviet Union. Especially the latter was frankly shunned even in dictator Nicolae Ceausescu's time. However, there are those, even in the opposition, who understand Iliescu's cautious approach. They bear in mind that there is a Russian minority in Moldova that opposes reunification.

As for the areas incorporated into Ukraine, it has been established that the Romanians there constitute a minority and that national feelings are running high in Ukraine right now. The moderates say that negotiations with Kiev for speedy border inspections are scarcely possible.

20 March 1992

YUGOSLAVIA

Macedonian Cultural Minister Submits Resignation

*92P20180A Skopje NOVA MAKEDONIJA
in Macedonian 11 Mar 92 p 1*

[Unattributed report: "Resignation of Minister Grozdanov"]

[Text] The Minister of Culture in the Macedonian government, Dr. Cvetan Grozdanov, yesterday asked Prime Minister Nikola Klusev to review and accept his resignation at the next session. Grozdanov tendered his resignation because of the legal vacuum that has been created in the cultural sphere, for which, he believes, the members of the Social Democratic Union, who have undermined stability in this area of public life by delaying the approval of basic laws, are responsible.

Views of Macedonian Economics Minister

*92BA0619A Skopje NOVA MAKEDONIJA
in Macedonian 28 Feb 92 p 3*

[Article by B. Janev: "Commodity Reserves Will Have To Be Used Soon!"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] The government is wondering how to stop the steady price increase and the inflationary stampede. The necessary quantities of fuel for the spring sowing campaign have been secured. Alternate solutions to crude oil transportation are being sought.

In the past few days, Macedonia has been faced with a large number of strongly interrelated political and economic problems that have at times seemed unsolvable. The pressure they exert is a daily threat to normal life and to the existence of a large part of the Republic's population. Stores, previously well supplied, are now half-empty, and the variety of goods is extremely limited. There are no milk, flour, butter, sugar, or durable goods. Prices are rising at a dizzying pace and so is inflation. The gas stations are short of fuel, with long lines of waiting cars. Under such circumstances, it is natural for many people to question what their elected officials are doing, those whose obligation and responsibility are to ensure the normal functioning of the economy and to provide the necessary food and other goods.... It was precisely this that led to yesterday's conversation with Stojan Trajanovski, minister of economics in the Macedonian government, who, being in charge of this sector, should be the first to provide an answer to a number of questions, above all those concerning the inflationary stampede and problems dealing with supplies of different commodities, foodstuffs, and fuel.

How To Fight Inflation?

In the case of inflation, the chance that it can be stopped and lowered is small, according to Minister Trajanovski. It may be that we ourselves are triggering this inflation

by holding back some prices, while personal income keeps rising. We believe, Trajanovski said, that the personal income that is being earned will even worsen inflation because the choice of goods available on the market is small. So far, we have not used commodity reserves, but we shall have to do so soon for some items. We are also trying, jointly with the other republics, to resolve the problems of trade. We have already signed a trade agreement with Slovenia and are about to draw up commodity lists with Serbia; we have supplied Croatia and Bosnia-Hercegovina with lists of commodities, and all that remains is Montenegro, with which we have not established direct contacts. However, this trade is very small. We expect that next week these issues will be resolved and that we shall supply the market with greater amounts of goods. This will have a direct influence on reducing prices and inflation. Nonetheless, in my view, the personal income that is being earned or will be earned within our economy will increase the pressure and further worsen inflation. It is difficult to say at this point how the situation will be resolved. Studies are being made, and the government will consult scientists and experts from the Republic, the trade unions, and the chamber of commerce, Trajanovski said.

As to problems of supplies, they will always exist, said Trajanovski. Macedonia has funds with which to purchase goods that are currently in short supply, and the government will make a decision shortly on liberalizing the import of goods that are of prime necessity. Incidentally, he believes that goods can be found in Macedonia, although they are not as plentiful as in the past. However, the problem is price rather than procurement. For that reason, the government has two possibilities for solving the problem: either total liberalization of all prices, while resolving the citizens' problems through social means or, the other option—supported by Minister Trajanovski—maintaining the current level for some prices, or lowering them, which would make producers and merchants lose interest in procuring them. But Trajanovski stressed that a sufficient amount of food is available in the commodity reserves of the Republic for the balance of the year.

There Will Be Sufficient Gasoline

Discussing the problem of gasoline shortages in the Republic, which became particularly acute this week, Trajanovski said that the essence of the problem is that the remaining supplies of Makpetrol are currently being used because the petroleum refinery is not operating. In his view, however, supplies of petroleum derivatives have not been drastically reduced because some quantities are being supplied to the gasoline stations. The lines that develop, according to Trajanovski, are caused by the panic that has developed and the fear that oil derivatives will be unavailable. However, he said that the population should not fear this because the reserves available to the Republic guarantee normal supplies of all petroleum derivatives. There is ordinary gasoline for 90 days and high test for 23 days. Greater quantities of D-1 and D-2 have been used, and additional supplies, totaling 15,000

tons, have been procured from Bulgaria, which means that the situation is being corrected. Fuel oil reserves total some 27,000 tons and are allocated at a rate of about 1,000 tons daily to those who need them. There should be no problem for the next 20 days with fuel oil supplies. We therefore think that consumption will not be disrupted, Trajanovski said.

Trajanovski also expressed his view on the stoppage of some economic enterprises, such as the KhIV in Titov Veles, which was created by a shortage of the fuel oil necessary for production. He blamed the stoppages on the organizations themselves, which, in his view, failed to file their requests and state their needs for fuel oil on time. As for the KhIV in Titov Veles, he said that the day before yesterday that enterprise received some 30 tons of fuel oil and that yesterday still another oil truck was sent to it, so that once again the continuity of supplies and the operation of that organization would be ensured.

As for the farmers, who are impatiently awaiting the necessary fuel for their spring work, fuel for their needs has been secured for the entire sowing campaign, according to Trajanovski. Yesterday the government passed a resolution according to which the distribution of fuel will be made by the Ministry of Economics and the Ministry of Agriculture through their regional units, on the basis of specific requests. Thus, Trajanovski said, we shall ensure the availability of fuel for the farmers per hectare, as needed. It is expected that some 17,000 tons of petroleum will be needed to meet the requirements of the spring sowing campaign. The quantity procured from Bulgaria is about 15,000 tons and, with that added to the available reserves, which total between 14,000 and

15,000 tons, we believe at this point that the Republic will have this problem resolved, as well.

According to Trajanovski, following long and difficult talks on the matter of supplies of crude oil from the Port of Thessaloniki, they are beginning to move faster, although not at their normal speed. The refinery in Skopje has already received some 9,000 tons, and, in two or three days, the same amount is expected, at the rate of 2,000 to 3,000 tons daily, so that, in his view, as of Monday, the refinery will be able to meet its normal output. As to the further resolution of the problem of the transportation of crude oil from the Port of Thessaloniki to Macedonia, he stressed that work on this issue is being done steadily. He said it was not expected that politics would interfere in the resolution of issues of economic relations between the two countries. In this case, Trajanovski said, the owners of storage facilities in Thessaloniki are being directly hurt because of the 15-day delay, which, in their case, means a loss of revenue. To resolve this problem, Trajanovski said, a letter was sent, mentioning that the case may be sent to the courts, charging a violation of contractual obligations. This resulted in increased deliveries of crude oil. Other than that, alternate solutions involve some obstacles, such as the greater distances and a number of other economic factors. It is a known fact that Macedonia has virtually no rail connections with Bulgaria or Albania. Therefore, transportation between the two neighboring countries is by road, which is quite expensive and rather difficult. Nonetheless, efforts are being made in this area, as well, to find ways to solve the problem, the minister of economics of the Republic's government said.

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